

P97000027022

INTER-OFFICE
COMMUNICATION

COMPTROLLER OF FLORIDA
DIVISION OF BANKING

DATE: May 5, 1999

TO: Louise Flemming-Jackson, Department of State
Division of Corporations

FROM: Bruce Ricca, Licensing and Chartering

SUBJ: Merger of Oceanside Interim Bank with Oceanside Bank, and
under the title of Oceanside Bank

Please file the attached "Merger Documents" for the above-referenced institutions, using MAY 5, 1999, as the effective date.

Please make the following distribution of certified copies:

- (1) One copy to: Division of Banking
Office of Licensing and Chartering
Fletcher Building, Suite 636
- (2) One copy to: Federal Deposit Insurance Corporation
Suite 1600, One Atlantic Center
1201 West Peachtree Street, N.E.
Atlanta, Georgia 30309-3449
- (3) One copy to: Ms. Sam Lester (878-2411)
Igler & Dougherty
1501 Park Avenue East
Tallahassee, Florida 32301

FILED
99 MAY -5 AM 11:27
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Also attached is a check which represents payment of the filing fees, charter tax and certified copies. If you have any questions, please call 410-9528.

BR:mergeart

cc: Bureau of Financial Institutions - District I

merge
LFS
5-6-99

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-05/06/99--01001--004
*****87.50 *****87.50

ARTICLES OF MERGER
Merger Sheet

MERGING:

OCEANSIDE INTERIM BANK, a Florida corporation (Document
#P99000041003)

INTO

OCEANSIDE BANK, a Florida corporation, P97000027022

File date: May 5, 1999

Corporate Specialist: Louise Flemming-Jackson



ROBERT F. MILLIGAN
COMPTROLLER OF FLORIDA

OFFICE OF COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
TALLAHASSEE
32399-0350

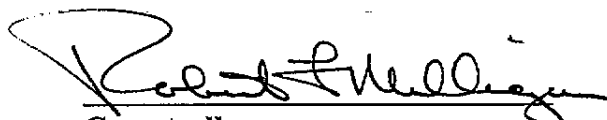
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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Having given my approval on March 22, 1999, to merge Oceanside Interim Bank, Jacksonville Beach, Duval County, Florida, (a Successor Institution) and Oceanside Bank, Jacksonville Beach, Duval County, Florida, and being satisfied that the conditions of my approval have been met, I hereby approve for filing with the Department of State, the attached "Agreement and Plan of Reorganization", which contains the Articles of Incorporation of Oceanside Bank (the resulting bank), so that effective on May 5TH, 1999, they shall read as stated herein.

Signed on this 4TH day of
May, 1999.


Comptroller

ARTICLES OF MERGER

FILED
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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

THESE ARTICLES OF MERGER, dated as of this 16th day of April, 1999, are entered into by and between Oceanside Bank, Jacksonville Beach, Florida and Oceanside Interim Bank, Jacksonville Beach, Florida ("Interim"). Both institutions are state-chartered stock commercial banks. Interim is currently a wholly-owned subsidiary of Atlantic BancGroup, Inc., Jacksonville Beach, Florida ("Holding Company"), which is a wholly-owned subsidiary of Oceanside Bank.

1. Oceanside Bank and Interim intend to effect a merger (the "Merger") upon the terms and conditions set forth in the Agreement and Plan of Reorganization dated as of November 19, 1998 (the "Agreement"), which is designated to facilitate the acquisition of all of the stock of Oceanside Bank by the Holding Company, which will become a registered bank holding company.

2. Oceanside Bank shall be the resulting institution after the Merger (the "Resulting Institution").

3. Upon the effective date of the Merger ("Effective Date"):

- (a) Interim will be merged with and into Oceanside Bank;
- (b) The separate existence of Interim will cease and the Charter and Bylaws of Interim will be deemed cancelled;
- (c) All of the assets and property of every kind or character, real, personal, and mixed, tangible and intangible, choses in action, rights and credits then owned by Interim and Oceanside Bank, or that would inure to each of them, shall immediately, by operation of law and without any conveyance or transfer and without any further act or deed, be vested in and become the property of the Resulting Institution, which

shall have, hold, and enjoy the same in its own right as fully and to the same extent as the same were possessed, held and enjoyed by Interim prior to the Merger. All of the assets and property of Oceanside Bank shall remain the assets and property of the Resulting Institution. All of the rights and obligations of Interim and Oceanside Bank shall remain unimpaired, and the Resulting Institution shall, on the Effective Date, succeed to all such rights, obligations and duties connected with them. The Resulting Institution shall be deemed to be and shall be a continuation of the entity and identity of Oceanside Bank. The existence and business operations of Oceanside Bank shall continue unaffected by the Merger and the Resulting Institution shall continue to operate under the name "Oceanside Bank";

(d) Each share of capital stock of Oceanside Bank will be converted into one share of fully paid and nonassessable common stock of the Holding Company. The holders of certificates formerly representing the capital stock of Oceanside Bank shall cease to have any rights with respect to the stock of Oceanside Bank and their sole rights shall be with respect to the common stock of the Holding Company;

(e) Each share of capital stock of Interim issued and outstanding immediately prior to the Effective Date shall be converted into one fully paid and nonassessable share of common stock of Oceanside Bank and shall not be further converted into shares of the Holding Company;

(f) Each share of capital stock of the Holding Company formerly held by Oceanside Bank shall be cancelled and shall not be deemed to be issued or outstanding for any purpose;


(g) The Resulting Institution shall thereby become a wholly owned subsidiary of the Holding Company.

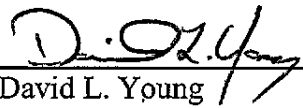
Pursuant to Section 658.44, Florida Statutes, the Merger has been approved by the holders of at least fifty percent plus one of the outstanding voting stock Oceanside Bank and Interim. Of the outstanding voting shares of Oceanside Bank, 324,713 shares were voted to approve the Merger, 100 shares were voted against the Merger, and 3,300 shares abstained. The 1,000 outstanding shares of Interim were voted to approve the Merger.

IN WITNESS WHEREOF, the parties have caused these Articles of Merger to be executed by their duly authorized agents.

Dated: 4-16-99


OCEANSIDE BANK
Jacksonville Beach, Florida

By: 
M. Michael Witherspoon
Chairman and Chief
Executive Officer

By: 
David L. Young
Corporate Secretary

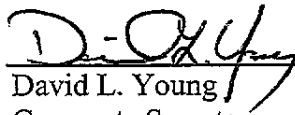
Dated: 4-16-99

OCEANSIDE INTERIM BANK
Jacksonville Beach, Florida

By: 
Barry W. Chandler
President

I hereby declare under penalty of perjury that as the Corporate Secretary for Oceanside Bank and Oceanside Interim Bank the above Articles of Merger are true and correct.

Dated: 4-16-99

By: 
David L. Young
Corporate Secretary

IN WITNESS WHEREOF, the parties have caused these Articles of Merger to be executed by their duly authorized agents.

AGREEMENT AND PLAN OF REORGANIZATION

THIS AGREEMENT AND PLAN OF REORGANIZATION ("Agreement"), dated this 19th day of November, 1998 is being entered into by and between Oceanside Bank, a state-chartered bank ("Bank"), Atlantic BancGroup, Inc., a Florida corporation ("Atlantic BancGroup") and Oceanside Interim Bank, an interim state-chartered bank ("Interim").

The Board of Directors of the Bank have determined that it is in the best interest of the Bank and its shareholders for the Bank to be reorganized into a holding company form of ownership. The Bank has caused Atlantic BancGroup to be organized under Florida law for the purpose of becoming the parent holding company of the Bank. It is intended that the reorganization will be accomplished by causing Atlantic BancGroup to become the sole shareholder of the newly-formed Interim and then merging Interim into the Bank, so that as part of the merger, all of the outstanding shares of Common Stock of the Bank, as well as all of the outstanding Warrants of the Bank, will automatically be converted into and become the shares of Common Stock of Atlantic BancGroup, which would then become the sole shareholder of the Bank (the "Reorganization").

NOW, THEREFORE, the parties hereto, intending to be legally bound by this Agreement, agree to effect the Reorganization of the Bank into the holding company form of ownership in accordance with and subject to the terms and conditions set forth below.

ARTICLE I Merger of Oceanside Interim Bank into Oceanside Bank and Related Matters

Section 1.1 On the Effective Date (as defined in Article V herein), Interim will be merged with and into the Bank and the Bank shall then be the "Resulting Bank" (the "Merger"), and the separate existence of Interim shall cease. All assets and property (real, personal and mixed, tangible and intangible, choses in action, rights and credits) then owned by Interim, or which would inure to it, shall immediately and automatically, by operation of law and without any conveyance, transfer, or further action, become the property of the Bank and shall be deemed to be a continuation of Interim. The Bank shall succeed to the rights and obligations of Interim. The Bank shall operate under its original Articles of Incorporation, a copy of which is attached hereto as Exhibit A, under the name "Oceanside Bank".

Section 1.2 Following the Merger, the existence of the Bank which will be the Resulting Bank, shall continue unaffected and unimpaired by the Merger, with all rights, privileges, immunities and powers, and subject to all the duties and liabilities, of a state chartered bank organized under Florida law, and the Articles of Incorporation, a copy of which is attached hereto as Exhibit A, and Bylaws of the Bank as in effect on the Effective Date, shall continue in full force and effect.

Section 1.3 From and after the Effective Date, and subject to the actions of the Board of Directors of the Bank the business presently conducted by the Bank will continue to be conducted by it, as a wholly-owned subsidiary. The then executive officers of the Bank will continue in the positions they currently hold until such time as the Board of Directors of the Bank determines otherwise.

The following is a list of the current Executive Officers:

<u>Name</u>	<u>Position with Oceanside Bank</u>
M. Michael Witherspoon	Chairman and Chief Executive Officer
Barry W. Chandler	President
David L. Young	Senior Vice President and Chief Financial Officer

Section 1.4 On the Effective Date, the number of directors of the Bank as stated in its Articles of Incorporation, shall be not less than five (5). The directors set forth below shall serve as the interim directors of Atlantic BancGroup until the first Annual Meeting of Shareholders. On the Effective Date, the then Board of Directors of the Bank shall continue to serve as the Board of Directors of the Bank until such time as their successors have been elected and qualified. The names, resident addresses and terms of office of the directors of the Bank on this date are as follows:

<u>Name</u>	<u>Address</u>
Frank J. Cervone	91 Nina Lane Ponte Vedra Beach, FL 32082
Barry W. Chandler	1022 Seawood Drive Neptune Beach, FL 32266
Jimmy D. Dubberly	108 Greenwood Drive Glennville, GA 30427
Donald F. Glisson, Jr.	2195 Osprey Point Drive Jacksonville, FL 32224
Robin Scheiderman	3419 Lands End Drive St. Augustine, Florida 32095
Gordon K. Watson	1262 Fish Hook Way Ponte Vedra Beach, FL 32082
Conrad I. Williams	314 12th Street Atlantic Beach, FL 32233
M. Michael Witherspoon	3343 Lighthouse Pointe Lane Jacksonville, FL 32250
Dennis M. Wolfson	9548 Waterford Road Jacksonville, FL 32257

Section 1.5 The home office of Oceanside Bank is located at 1315 South Third Street, Jacksonville Beach, Florida 32250, and it shall continue to be the home office of the Bank from and after the Effective Date. The Bank currently operates and intends to continue to operate the following full-service branch offices after the Reorganization:

North Beach Office
560 Atlantic Boulevard
Neptune Beach, Florida 32266

Section 1.6 The Bank currently does not have trust powers and does not anticipate having trust powers at the Effective Date of the Reorganization.

ARTICLE II

Conversion of Stock

Section 2.1 The manner and basis of converting the Common Stock of the parties to this Agreement shall be as follows:

A. On the Effective Date, all shares of Common Stock of Atlantic BancGroup held by the Bank shall be canceled and shall no longer be deemed to be issued or outstanding for any purpose.

B. On the Effective Date, except for those shares for which "dissenters' rights" are exercised, for each share of Common Stock, \$5.00 par value, of the Bank ("Bank Common Stock") issued and outstanding immediately prior to the Effective Date shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into and become one (1) share of fully paid and non-assessable Common Stock, par value \$.01 per share, of Atlantic BancGroup ("Atlantic BancGroup Common Stock"). From and after the Effective Date, each certificate which, prior to the Effective Date, represented shares of the Bank shall evidence ownership of Atlantic BancGroup on the basis set forth herein.

C. All of the outstanding Warrants of Oceanside Bank (entitling the holder thereof to purchase one share of Common Stock at \$10.00 per share) will be converted into and exchanged for, on a one-for-one basis, Warrants for Atlantic BancGroup (entitling the holder thereof to acquire one share of Atlantic BancGroup Common Stock, \$.01 per share par value, at \$10.00 per share). From and after the Effective Date, each warrant which, prior to the Effective Date, represented rights to purchase shares in the Bank shall provide the holder thereof the same rights to purchase shares in Atlantic BancGroup.

D. Each share of Common Stock of Interim issued and outstanding immediately prior to the Effective Date shall, on the Effective Date, by virtue of the Merger and without any action on the part of the holder thereof, be converted into and become one share of fully paid and non-assessable Common Stock, \$5.00 par value, of the Bank and shall not be further converted into shares of Atlantic BancGroup so that from and after the Effective Date, all of the issued and outstanding shares of Bank Common Stock shall be held by Atlantic BancGroup. From and after the Effective Date, each certificate, if any, which,

prior to the Effective Date, represented shares of Interim, shall evidence ownership of the Bank on the basis hereinabove set forth.

E. At or prior to the Effective Date, the Bank shall designate an exchange agent to receive from the holders of the Bank stock certificates which immediately prior to the Effective Date represented Bank Common Stock and to exchange such certificates for certificates of Atlantic BancGroup Common Stock as heretofore provided. Promptly after the Effective Date, the exchange agent shall mail to each record holder, as of the Effective Date, any outstanding certificate or certificates, which prior to the Effective Date represented shares of Bank Common Stock, a letter of transmittal (which shall specify how delivery shall be effected, and that risk of loss and title to such certificate or certificates shall pass only upon proper delivery of such certificate or certificates, together with a properly executed letter of transmittal, to the exchange agent at its address stated therein) and instructions for use in effecting the surrender of such certificate or certificates for exchange therefore. Upon surrender to the exchange agent for such certificate or certificates, together with such properly executed letter of transmittal, the exchange agent shall exchange such certificate or certificates for stock certificates of Atlantic BancGroup Common Stock as provided herein. Until so surrendered, each such outstanding certificate which, prior to the Effective Date, represented shares of Bank Common Stock shall be deemed for all corporate purposes to evidence the ownership of the number of whole shares of Atlantic BancGroup Common Stock into which such shares of Bank Common Stock shall have been converted.

F. The conversion and exchange of shares of Bank Common Stock and Warrants into shares of Atlantic BancGroup Common Stock and Warrants, pursuant to this Article II, shall be in full satisfaction of all rights pertaining to the converted shares and Warrants.

G. On the Effective Date, the holders of certificates formerly representing Bank Common Stock outstanding on the Effective Date shall cease to have any rights with respect to Bank Common Stock, and their sole rights shall be with respect to Atlantic BancGroup Common Stock into which their shares of Bank Common Stock shall have been converted as a result of the Merger. On the Effective Date, the holders of Warrants outstanding on the Effective Date shall cease to have any rights with respect to Bank Common Stock, and their sole rights shall be with respect to Atlantic BancGroup Common Stock into which their shares of Bank Common Stock shall have been converted as a result of the Merger.

H. No share of Bank Common Stock as to which dissenters' appraisal rights have been validly exercised and perfected and for which cash is payable pursuant to law (Dissenting Shares) shall be converted into the right to receive Atlantic BancGroup, Inc. Common Stock. In lieu thereof, the holder of Dissenting Shares shall be entitled to payment in accordance with the applicable provisions of Section 658.44, *Florida Statutes*, (the Dissenter/Appraisal Statute) applicable to state-chartered banks. If any holder of Dissenting Shares shall effectively withdraw or lose his dissenter rights under the Dissenter/Appraisal Statute, such Dissenting Shares shall be converted into Atlantic BancGroup Common Stock in accordance with the provisions hereof. Dissenting Shares acquired by the Bank pursuant to payment shall be held by the Bank as authorized but unissued shares. This Agreement is subject to the condition that properly exercised dissenter shares shall not exceed more than

10% of the total number of shares outstanding or approximately 59,475 shares in order for this to be a tax free reorganization. Under the terms of this Plan, management may chose to honor up to 10% in dissenter shares in order to consummate the transaction. In order to remain a "well capitalized bank" under the FDIC rules, the Bank intends to do a private placement offering to provide sufficient capital to the Bank to pay for dissenter shares that are tendered.

ARTICLE III

Conditions

Section 3.1 The obligations of the Bank, Atlantic BancGroup and Interim to effect the Merger and otherwise consummate the Reorganization, which are the subject matter hereof, shall be subject to satisfaction of the following conditions:

A. The approval of this Agreement by a majority of the outstanding shares of Bank Common Stock at a meeting of the shareholders of the Bank duly called at which a quorum is present.

B. Receipt of any and all approvals from The Florida Department of Banking and Finance ("Florida Department"), the Federal Reserve Board ("FRB"), and the Federal Deposit Insurance Corporation ("FDIC") and any other governmental agency having jurisdiction necessary for the lawful consummation of the Merger, and the issuance and delivery of Atlantic BancGroup Common Stock as contemplated by this Agreement.

C. Receipt of a ruling from the Internal Revenue Service or an opinion from its legal counsel that the Merger will be treated as a non-taxable transaction under Section 351 or other applicable provisions of the Internal Revenue Code of 1986, as amended, and that no gain or loss will be recognized by the Bank's shareholders upon the exchange of Bank Common Stock held by them solely for Atlantic BancGroup Common Stock.

D. Not more than 10% of the outstanding shares shall have exercised dissenter's rights as provided for in Section 2.1(H) herein.

ARTICLE IV

Termination

Section 4.1 This Agreement may be terminated and the Merger need not be consummated at the election of any of the parties hereto at any time before the Effective Date, in the event that, for any reason, consummation of the holding company formation contemplated by this Agreement is inadvisable in the opinion of the Bank, Atlantic BancGroup, or Interim. Termination of this Agreement shall be effected by written notice by the terminating party to the other parties. Upon giving of such notice, this Agreement shall be terminated and there shall be no liability hereunder or on account of such termination on the part of the Bank, Atlantic BancGroup and/or Interim, or the directors, officers, employees, or agents of any of them.

Section 4.2 In the event of termination of this Agreement, the Bank shall pay the fees and expenses incurred in connection with this Agreement and the proposed formation of a holding company.

ARTICLE V

Effective Date of Merger

Section 5.1 Upon satisfaction or waiver (in accordance with the provisions of this Agreement) of each of the conditions set forth in Article III, the parties hereto shall execute and cause to be filed such certificates or further documents as are required under applicable law, rule or regulation with the Florida Department, the FRB and/or the FDIC and with such other federal and state regulatory agencies as may be required in order to effect the Merger provided for herein.

Section 5.2 The date and time by which all of such filings are completed and accepted by the applicable agencies is referred to in this Agreement as the "Effective Date".

ARTICLE VI

Miscellaneous

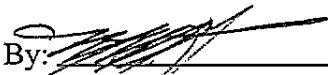
Section 6.1 Any of the terms or conditions of this Agreement, which may legally be waived, may be waived at any time by any party hereto which is entitled to the benefit thereof, or any of such terms or conditions may be amended or modified in whole or in part at any time, to the extent authorized by applicable law, by an agreement in writing, executed in the same manner as this Agreement.

Section 6.2 This Agreement shall be governed by and construed under Florida law, and where applicable, federal law.

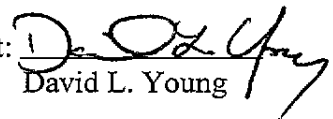
IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement and Plan of Reorganization as of the date first above written.


OCEANSIDE BANK

Attest: 
David L. Young

By: 
M. Michael Witherspoon
Chairman of the Board and
Chief Executive Officer


ATLANTIC BANCGROUP, INC.

Attest: 
David L. Young

By: 
M. Michael Witherspoon
Chairman of the Board and
Chief Executive Officer

OCEANSIDE INTERIM BANK
(In Organization)

Attest: 
David L. Young

By: 
Barry W. Chandler
President

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

ARTICLES OF INCORPORATION
OCEANSIDE BANK

The undersigned, acting as director(s) for the purpose of forming a corporation under and by virtue of the Laws of the State of Florida, adopt(s) the following Articles of Incorporation:

ARTICLE ONE

The name of the corporation shall be Oceanside Bank and its initial place of business shall be at 1315 South Third Street, in the City of Jacksonville Beach, in the County of Duval and State of Florida.

ARTICLE TWO

The general nature of the business to be transacted by this corporation shall be that of a general commercial banking business with all the rights, powers and privileges granted and conferred by the Florida Financial Institutions Codes, regulating the organization, powers and management of banking corporations.

ARTICLE THREE

The total number of shares authorized to be issued by the corporation shall be 2,000,000. Such shares shall be of a single class and shall have a par value of \$5.00 per share. The corporation shall begin business with at least \$2,130,000 in paid-in capital stock to be divided into 426,000 shares. The amount of surplus with which the corporation will begin business will be not less than \$1,000,000 and the amount of undivided profits not less than \$870,000, all of which (capital stock, surplus and undivided profits) shall be paid in cash.

ARTICLE FOUR

The term for which said corporation shall exist shall be perpetual unless terminated pursuant to the Florida Financial Institutions Codes.

ARTICLE FIVE

The number of directors shall not be fewer than five (5). A majority of the full board of directors may, at any time during the years following the annual meeting of shareholders in which such action has been authorized,

increase the number of directors by not more than two and appoint persons to fill resulting vacancies. The names and street addresses of the first directors of the corporation are:

<u>NAME</u>	<u>STREET ADDRESS</u>
Frank J. Cervone	474 Jacksonville Drive Jacksonville Beach, FL 32250
Barry W. Chandler	1022 Seawood Drive Neptune Beach, FL 32266
Jimmy D. Dubberly	108 Greenwood Drive Glennville, GA 30427
Robert W. Gray, Jr.	2440 Mayport Road Atlantic Beach, FL 32233
Donald F. Glisson, Jr.	13535 Beach Boulevard Jacksonville, FL 32246
Williard B. Nicholson, Jr.	699 Beach Avenue Atlantic Beach, FL 32233
Gordon K. Watson	208 Ponte Vedra Drive, Suite 101 Ponte Vedra Beach, FL 32082
Conrad I. Williams	314 12 th Street Atlantic Beach, FL 32233
M. Michael Witherspoon	1863 Blue Heron Lane Jacksonville Beach, FL 32250

Dennis M. Wolfson

Bishop Square, 5700 St. Augustine Rd.,
Suite 105
Jacksonville, FL 32207

Executed by the undersigned at Jacksonville Beach, Florida this 27th day of
February, 1997.

Witnesses:

Incorporator:

Oceanside Bank

Linda H. Witherspoon
Janice M. Williams

[Signature]
By: M. Michael Witherspoon
Its Chairman/CEO

I hereby certify that on this day, before me, an officer duly authorized
in the State aforesaid and in the county aforesaid to take acknowledgements,
personally appeared M. Michael Witherspoon, as Chairman/CEO of
OCEANSIDE BANK, a Florida banking corporation, to me known to be the
person described in and who executed the foregoing instrument and he
acknowledged me that he executed the same.

Witness my hand and official seal in the County and State last
aforesaid this 27th day of February, 1997.



Janice M Bounds
My Commission CC575823
Expires Oct. 12, 2000

[Signature]
Notary Public, State of Florida
My Commission Expires:
SEAL

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

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FILED

Approved by the Department of Banking and Finance this 20TH
day of MARCH, 1997, Tallahassee, Florida.

[Signature]

Comptroller of the State of Florida and
Head of the Department of Banking and Finance

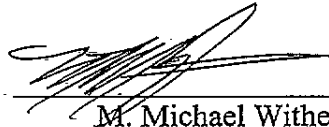
**ATLANTIC BANCGROUP, INC.
SOLE SHAREHOLDER APPROVAL CERTIFICATE**

Pursuant to Section 607.0704, Florida Statutes, the undersigned, Atlantic BancGroup, Inc., being the sole shareholder of its banking subsidiary, Oceanside Bank, hereby in lieu of a meeting, consents to and approves the adoption of the Agreement and Plan of Merger for Oceanside Bank and Oceanside Interim Bank.

Atlantic BancGroup, Inc.

April 3, 1999

Date



M. Michael Witherspoon
Chairman

Attest:



April 3, 1999

Date



Barry W. Chandler
Director