

Inter 6 Dougherty
 Requestor's Name
 Address
 City/State/Zip Phone #

PA 7000087047

Office Use Only

CORPORATION NAME(S) & DOCUMENT NUMBER(S), (if known):

1. Key West Bancgroup 100002314441--2
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- ☐ Walk in ☐ Pick up time _____ ☒ Certified Copy
☐ Mail out ☐ Will wait ☐ Photocopy ☐ Certificate of Status

NEW FILINGS	
<input type="checkbox"/>	Profit
<input type="checkbox"/>	NonProfit
<input type="checkbox"/>	Limited Liability
<input type="checkbox"/>	Domestication
<input type="checkbox"/>	Other

AMENDMENTS	
<input type="checkbox"/>	Amendment
<input type="checkbox"/>	Resignation of R.A., Officer/ Director
<input type="checkbox"/>	Change of Registered Agent
<input type="checkbox"/>	Dissolution/Withdrawal
<input type="checkbox"/>	Merger

OTHER FILINGS	
<input type="checkbox"/>	Annual Report
<input type="checkbox"/>	Fictitious Name
<input type="checkbox"/>	Name Reservation

REGISTRATION/ QUALIFICATION	
<input type="checkbox"/>	Foreign
<input type="checkbox"/>	Limited Partnership
<input type="checkbox"/>	Reinstatement
<input type="checkbox"/>	Trademark
<input type="checkbox"/>	Other

FILED
 97 OCT -8 PM 4:04
 STATE OF FLORIDA
 TALLAHASSEE

[Handwritten signature]

RECEIVED

Examiner's Initials	
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ROBERT F. MILLIGAN
COMPTROLLER OF FLORIDA

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

October 6, 1997

Edward W. Dougherty, Jr.
Iglar & Dougherty, P.A.
1501 Park Avenue East
Tallahassee, Florida 32301

Dear Mr. Dougherty:

Re: "Key West BancGroup, Inc."

Reference is made to your letter/fax dated October 6, requesting approval of the above-referenced corporate name which will be a proposed holding company for Key West Bank, in organization.

As Section 655.922(2)(a), Florida Statutes, exempts a financial institution, holding company or its subsidiaries from the prohibition against using the word "bank", "banker", "banking", "trust company", "savings and loan association", "savings bank", or "credit union" in its corporate name, the Division of Banking will not object to the above-subject corporate name being registered to transact business in the State of Florida.

Sincerely,

A handwritten signature in black ink, appearing to read "Wm. Douglas Johnson", written over a horizontal line.

Wm. Douglas Johnson
Assistant Director
Division of Banking
101 E. Gaines Street
The Fletcher Building-Sixth Floor
Tallahassee, FL 32399-0350
(904) 488-1111
Fax # (904) 921-2365

:kr

cc: Karon Beyer, Chief
Bureau of Corporate Records
Secretary of State's Office

**ARTICLES OF INCORPORATION
OF
KEY WEST BANCGROUP, INC.**

FILED
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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

The undersigned incorporators, for the purpose of forming a corporation under the Florida Business Corporation Act, hereby adopt the following Articles of Incorporation.

ARTICLE I - NAME

The name of the Corporation is Key West BancGroup, Inc. ("Corporation"). The initial principal place of business of the Corporation shall be 701 Whitehead Street, Key West, Florida 33040, or at such other place within the State of Florida as the Board of Directors may designate. The name of the registered agent is Browning, Sireci, Guller, Klitenick & Thompson, P.A. 402 Appelrouth Lane, Key West, Florida 33040, which address is also the address of the Registered Office of the Corporation.

ARTICLE II - NATURE OF BUSINESS

The Corporation may engage in or transact any or all lawful activities or business permitted under the laws of the United States and the State of Florida, or any other state, county, territory or nation.

ARTICLE III - CAPITAL STOCK

The maximum number of shares the Corporation is authorized to issue is 1,000,000 shares of common stock, par value one cent (\$0.01) per share ("Common Stock"). Each holder of shares of Common Stock shall be entitled to one vote per share.

ARTICLE IV - TERM OF EXISTENCE

This Corporation is to exist perpetually.

ARTICLE V - OFFICERS AND DIRECTORS

The names and street addresses of the initial officers and directors who shall hold office the first year of the Corporation's existence or until their successors are elected are:

<u>Name</u>	<u>Address</u>	<u>Title</u>
Philip D. Hogue	1268 Ocean Drive Summerland Key, FL 33042	President/Director
Michael L. Browning	402 Appelrouth Lane Key West, Florida 33040	Director
Mark Finigan	402 Appelrouth Lane Key West, Florida 33040	Director
Robert L. Tracy	1016 Fleming Street Key West, Florida 33040	Director
Marva E. Green	1604 Bahama Drive Key West, Florida 33040	Director

ARTICLE VI - INCORPORATORS

The name and street address of the incorporator to these Articles of Incorporation is Michael L. Browning, Esquire, Browning, Sireci, Guller, Klitenick & Thompson, P.A. , 402 Appelrouth Lane, Key West, Florida 33040.

ARTICLE VII - MANAGEMENT OF THE BUSINESS OF THE COMPANY

Section 1 - Authority of the Board. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by the Florida Statutes or by these Articles of Incorporation or the Bylaws of the Corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

Section 2 - Action by Shareholders. Any action required or permitted to be taken by the shareholders of the Corporation must be effected at a duly called Annual or Special Meeting of Shareholders of the Corporation and may not be effected by any consent in writing by such shareholders.

Section 3 - Special Meetings of Shareholders. Special Meetings of shareholders of the Corporation may be called by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in

previously authorized directorships at the time any such resolution is presented to the Board for adoption), the Chairman of the Board or the President of the Corporation, or by shareholders holding at least 50% of the outstanding shares of the Corporation.

ARTICLE VIII - NUMBER OF DIRECTORS

Section 1 - Number of Directors: The Board of Directors of the Corporation shall be comprised of not less than three (3) nor more than nine (9) directors and shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the Full Board as set forth in the Corporation's Bylaws. The Board of Directors is authorized to increase the number of directors by no more than two and to immediately appoint persons to fill the new director positions until the next Annual Meeting of Shareholders, at which meeting the new director positions shall be filled by persons elected by the shareholders of the Corporation. However, this Section shall not be construed to limit the authority of the shareholders of the Corporation to increase the number of directors in accordance with the Bylaws of the Corporation.

Section 2 - Election and Term: Directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. The term of the initial directors of the Corporation expires at the first shareholders' meeting at which directors are elected.

Section 3 - Classes: The directors shall be divided into three classes, as nearly equal in number as reasonably possible, with the term of office of the first class (Class I) to expire at the Annual Meeting of Shareholders one year following their election, the term of office of the second class (Class II) to expire at the Annual Meeting of Shareholders two years following their election and the term of office of the third class (Class III) to expire at the Annual Meeting of Shareholders three years following their election. At each Annual Meeting of Shareholders following such initial classification and election, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding Annual Meeting of Shareholders after their election.

Section 4 - Vacancies: Newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only

by a majority vote of the directors then in office, though less than a quorum. Directors so chosen shall hold office for a term expiring at the next Annual Meeting of Shareholders. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section 5 - Notice: Advance notice of shareholder nominations for the election of directors and of business to be brought by shareholders before any meeting of the shareholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation.

Section 6 - Removal by Shareholders: Any director, or the entire Board of Directors, may be removed from office at any time by the affirmative vote of the holders of at least 60% of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE IX - SPECIAL VOTING PROVISIONS FOR AFFILIATED TRANSACTIONS AND BUSINESS COMBINATIONS

Section 1 - Definitions: The terms defined below shall apply for purposes of this Article IX:

A. "Affiliated Transaction," when used in reference to the Corporation and any Interested Shareholder (as hereinafter defined), means any of the following situations:

1. any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with (i) any Interested Shareholder or (ii) any other corporation (whether or not itself an Interested Shareholder) which is, or after such merger or consolidation would be, an Affiliate of an Interested Shareholder.

2. any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) of assets of the Corporation or any Subsidiary of the Corporation to or with any Interested Shareholder, or any Affiliate or Associate of any Interested Shareholder:

a. Having an aggregate fair market value equal to 5% or more of the aggregate fair market value of all assets, determined on a consolidated basis, of the Corporation; or

b. Having an aggregate fair market value equal to 5% or more of the aggregate fair market value of all outstanding shares of the Corporation; or

c. Representing 5% or more of the earning power or net income determined on a consolidated basis, of the Corporation.

3. the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of transactions) of any shares of the Corporation or any Subsidiary to any Interested Shareholder or any Affiliate of any Interested Shareholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value (as hereinafter defined) equaling or exceeding 5% or more of all the outstanding shares of the Corporation and its Subsidiaries, except pursuant to the exercise of warrants or rights to purchase stock offered, or a dividend or distribution paid or made, pro rata to all shareholders of the Corporation.

4. the adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of an Interested Shareholder or any Affiliate of any Interested Shareholder.

5. any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Shareholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Interested Shareholder or any Affiliate of any Interested Shareholder.

6. any receipt by the Interested Shareholder or any Affiliate or Associate of the Interested Shareholder of the benefit, directly or indirectly (except proportionately as a shareholder of the Corporation), of any loans, advances, guaranties, pledges, or other financial assistance or any tax credits or other tax advantages provided by or through the Corporation.

B. "Interested Shareholder" means any Person who is the Beneficial Owner, directly or indirectly, of more than 10% of the outstanding voting shares of the corporation. However, the term "Interested Shareholder" shall not include the Corporation or any Subsidiary; any savings, employee stock ownership, or other employee benefit plan of the Corporation or any Subsidiary; or any fiduciary of any such plan when acting in such capacity. For the purpose of determining whether a person is an Interested Shareholder pursuant to this Section, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of Article III, Section 3, but shall not include any other shares of Voting Stock that may be issuable pursuant to any contract, arrangement or understanding, upon exercise of conversion rights, warrants, options, or otherwise.

C. "Subsidiary" means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Interested Shareholder set forth in Paragraph B of this Section 1, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

D. "Disinterested Director" means any member of the Board of Directors who is unaffiliated with the Interested Shareholder and was a member of the Board of Directors prior to the time that the Interested Shareholder became an Interested Shareholder, and any successor of a Disinterested Director who is unaffiliated with the Interested Shareholder and is recommended to succeed a Disinterested Director by a majority of Disinterested Directors then on the Board of Directors.

E. "Fair Market Value" means: (i) the Fair Market Value of a share on the date in question shall be determined by a majority of Disinterested Directors, appropriately adjusted for any dividend or distribution in shares of such stock or any combination or reclassification of outstanding shares of such stock into a smaller number of shares of such stock; and (ii) in the case of property other than cash or shares, the Fair Market Value of such property on the date in question as determined by a majority of the Disinterested Directors.

F. Reference to "Highest Per Share Price" shall in each case with respect to any class of stock reflect an appropriate adjustment for any dividend or distribution in shares of such stock or any stock split or reclassification of outstanding share of such stock into a greater number of shares of such stock or any combination or reclassification of outstanding shares of such stock into a smaller number of shares of such stock.

G. "Affiliate" shall have the meaning set forth in Section 607.0901, Florida Statutes.

H. "Person" shall mean any individual, a group acting in concert, a corporation, a partnership, an association, a joint venture, an investors' pool, a joint stock company, a trust, an unincorporated organization or similar company, a syndicate or any other group formed for the purpose of acquiring, holding or disposing of the equity securities of the Corporation.

I. "Beneficial Ownership" is defined herein to mean a Person who, directly or indirectly, has the:

1. voting power, which includes the power to vote or to direct the voting of the "Voting Stock" as that term is defined herein;
2. investment power, which includes the power to dispose of or to direct the disposition of the Voting Stock; or
3. the right to acquire the voting power or investment power, whether such right is exercisable immediately or only after the passage of time, pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, warrants or options, or otherwise.

J. "Acting in Concert" means (i) knowing participation in a joint activity or conscious parallel action towards a common goal whether or not pursuant to an express agreement; or (ii) a combination or pooling of voting or other interests in the securities of an issuer for a common purpose pursuant to any contract, understanding, relationship, agreement or other arrangements, whether written or otherwise.

K. "Voting Stock" means the outstanding shares of all classes or series of the Corporation entitled to vote generally in the election of directors.

Section 2 - Affiliated Transactions: In addition to any affirmative vote required by law or these Articles of Incorporation, and except as otherwise expressly provided in this Section, any Affiliated Transaction shall be approved by the affirmative vote of the holders of two-thirds of the Voting Stock, voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required or that a lesser percentage may be specified by law or in any agreement with any national securities exchange or otherwise.

Section 3 - Exceptions: The voting provisions of Section 2 of this Article IX shall not be applicable to a particular Affiliated Transaction if all of the conditions specified in either of the following Paragraphs A and B are met:

A. The Affiliated Transaction has been approved by a majority of the Disinterested Directors; or

B. In the Affiliated Transaction, consideration shall be paid to the holders of each class of voting shares and all of the following conditions shall be met:

1. The aggregate amount of the cash and the Fair Market Value, as of the valuation date of consideration, other than cash to be received per share by the holders of Common Stock in such Affiliated Transaction are at least equal to the higher of the following:

(a) if applicable, the Highest Per Share Price (as previously defined herein), including any brokerage commissions, transfer taxes and soliciting dealers' fees, paid by the Interested Shareholder for any shares of Common Stock acquired by it (i) within the two-year period immediately prior to the first public announcement date of the Affiliated Transaction ("Announcement Date"), or (ii) in the transaction in which it became an Interested Shareholder, whichever is higher;

(b) the Fair Market Value per share of Common Stock on the Announcement Date or on the date on which the Interested Shareholder became an Interested Shareholder (such latter date is referred to in this Article IX as the "Determination Date"), whichever is higher;

(c) if applicable, the price per share equal to the Fair Market Value per share of such class or series determined pursuant to sub-paragraph A.1.(b) of this Section 3, multiplied by the ratio of the Highest Per Share Price, including any brokerage commissions, transfer taxes and soliciting dealers' fees, paid by the Interested Shareholder for any shares of Voting Stock acquired by it within the two-year period immediately prior the Announcement Date (the numerator), to the Fair Market Value per share of such class or series on the first day in such two-year period on which the Interested Shareholder acquired the Voting Stock (the denominator);
or

(d) if applicable, the highest preferential amount per share to which the holders of shares of such Voting Stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

2. The consideration to be received by holders of a particular class of outstanding Voting Stock (including Common Stock) shall be in cash or in the same form as the Interested Shareholder has previously paid for shares of such Voting Stock. If the Interested Shareholder has paid for shares of any class of Voting Stock with varying forms of consideration, the form of consideration for such class of Voting Stock shall be either cash or the form used to acquire the largest number of shares of such class of Voting Stock previously acquired by it. The consideration to be received pursuant to this provision shall be subject to appropriate adjustment in the event of any stock dividend, stock split, combination of shares or similar event.

3. During such portion of the three-year period preceding the announcement date that such Interested Shareholder has become an Interested Shareholder and except as approved by a majority of the Disinterested Directors:

(a) there shall have been no failure to declare and pay at the regular date any full quarterly dividends (whether or not

cumulative) on any outstanding stock having preference over the Common Stock as to dividends or liquidation;

(b) there shall have been (i) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), and (ii) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of the Common Stock, and (iii) no such Interested Shareholder who has become the Beneficial Owner of any additional shares of Voting Stock except as part of the transaction which results in such Interested Shareholder becoming an Interested Shareholder.

4. Unless approved by a majority of the Disinterested Directors, no Interested Shareholder shall have received the benefit, directly or indirectly (except proportionately as a shareholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Corporation, whether in anticipation of or in connection with such Affiliated Transaction or otherwise, during the three-year period preceding the date the Interested Shareholder became an Interested Shareholder.

5. A proxy or information statement describing the proposed Affiliated Transaction and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to shareholders of the Corporation at least 30 days prior to the consummation of such business combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

Section 4 - Board Discretion: A majority of the Disinterested Directors of the Corporation shall have the power and duty to determine for the purposes of this Article IX, on the basis of information known to them after reasonable inquiry: (i) whether a person is an Interested Shareholder; (ii) the number of shares of Voting Stock beneficially owned by any

person; (iii) whether a person is an Affiliate or Associate of another; and (iv) whether the assets which are the subject of any Affiliated Transaction have, or the consideration to be received for the issuance or transfer of securities by the Corporation or any Subsidiary in any Affiliated Transaction has, an aggregate Fair Market Value equal to or greater than 25% of the combined assets of the Corporation and its Subsidiaries. A majority of the Disinterested Directors shall have the further power to interpret all of the terms and provisions of this Article IX.

Section 5 - Interested Shareholder's Duty: Nothing contained in this Article IX shall be construed to relieve any Interested Shareholder from any fiduciary obligation imposed by law.

Section 6 - Amendment: Notwithstanding any other provisions of these Articles of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the Voting Stock required by law, or these Articles of Incorporation, the affirmative vote of the holders of at least 66% of the voting power of all of the then-outstanding shares of the Voting Stock (after giving effect to the provisions of Article III of these Articles of Incorporation), voting together as a single class, shall be required to alter, amend or repeal this Article IX.

ARTICLE X - CONTROL SHARE ACQUISITIONS

It is the intent of the Organizers of the Corporation that the provisions of the "Florida Control-Share Acquisitions" statute, Section 607.0902, Florida Statutes (1994 Supp.) shall apply to acquisitions of the Corporation's shares by a person acting alone or as part of a group which would result in an Acquiring Person, as defined herein, owning Control Shares of the Company, except for those acquisitions defined in Section 1(f)(2) and (3) of this Article X.

SECTION 1 - Definitions: The following terms when used in this section shall mean:

A. "Acquiring Person" means a person who makes or proposes to make, or persons acting as a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934 who make or propose to make, a Control-Share Acquisition; but "Acquiring Person" does not include the Corporation.

B. "Acquiring Person Statement" means the statement provided for in Section 607.0902(6), Florida Statutes (1994 Supp.) which shall set forth all of the following:

1. The identity of the Acquiring Person and each other member of any group of which the Acquiring Person is a part for purposes of determining Control Shares.

2. A statement that the Acquiring Person Statement is given pursuant to Section 607.0902(6), Florida Statutes (1994 Supp.).

3. The number of shares of the Corporation owned, directly or indirectly following the acquisition, by the Acquiring Person and each other member of the group.

4. The range of voting power under which the Control-Share Acquisition falls or would, if consummated, fall.

5. If the Control-Share Acquisition has not taken place:

(a) A description in reasonable detail of the terms of the proposed Control-Share Acquisition; and

(b) Representations of the Acquiring Person, together with a statement, in reasonable detail of the facts upon which they are based, that the proposed Control-Share Acquisition, if consummated, will not be contrary to law and that the Acquiring Person, has the financial capacity to make the proposed Control-Share Acquisition, including the acquisition of dissenter's shares, if any.

C. "Affiliate" means a person who directly or indirectly controls the Corporation. "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of the Corporation, whether through the ownership of voting securities, by contract, or otherwise. A person's beneficial ownership of ten percent or more of the voting power of a Corporation's outstanding shares entitled to vote in the election of directors (except a person holding voting power in good faith as an agent, bank, broker, nominee, custodian or trustee for one or more beneficial owners who do not individually or as a group control the Corporation) creates a presumption that the person controls the Corporation.

D. "All voting power" means the aggregate voting power that the shareholders of the Corporation would have in the election of directors, except for this Article.

E. "Control Shares" means issued and outstanding shares of the Corporation that, except for this section, would have voting power when added to all other shares of the Corporation owned of record or beneficially by an Acquiring Person or in respect to which that Acquiring Person may exercise or direct the exercise of voting power, that would entitle the Acquiring Person, immediately after acquisition of the shares (directly or indirectly), to exercise or direct the exercise of the voting power of the Corporation in the election of directors within any of the following ranges of voting power:

1. One-fifth (1/5) or more but less than one-third (1/3) of all voting power;
2. One-third (1/3) or more but less than a majority of all voting power;
- or
3. A majority or more of all voting power.

F. "Control-Share Acquisition" means:

1. acquisition by any person of ownership of, or the power to direct the exercise of voting power with respect to, Control Shares.

2. A person who acquires shares in the ordinary course of business for the benefit of others in good faith and not for the purpose of circumventing this section has not made a Control-Shares Acquisition of shares in respect of which that person is not able to exercise or direct the exercise of votes without further instruction from others.

3. The acquisition of any Control Shares does not constitute a Control-Share Acquisition if the acquisition is made in good faith and not for the purpose of circumventing this Section in any of the following circumstances:

- (a) Shares acquired in any distribution conducted by the Corporation through any public or private offering or acquired pursuant to any warrant certificate, stock option plan or other employee benefit plan.

- (b) Pursuant to the laws of descent and distribution.

- (c) By a donee under an *inter vivos* gift.

(d) Pursuant to a transfer between or among immediate family members, or between or among persons under direct common control. An "immediate family member" is any relative or spouse of a person, or any relative of such spouse, who has the same home as such person.

(e) Pursuant to the satisfaction of a pledge or other security interest.

(f) Pursuant to a merger or plan of consolidation or share exchange effected in compliance with the Florida Statutes, if the Corporation is a party to the agreement of merger or plan of consolidation or share exchange.

(g) From any person whose previous acquisition of Control Shares would have constituted a Control-Shares Acquisition, but for this Section F.3. (other than this subsection F.3.(g), provided the acquisition does not result in the Acquiring Person holding voting power within a higher range of voting power than that of the person from whom the Control Shares were acquired.

(h) Acquisition by a person of additional shares within the range of voting power for which such person has received approval pursuant to the Control Share Statute or within the range of voting power resulting from shares acquired in a transaction described in this Section F.3.

(i) An increase in voting power resulting from any action taken by the Corporation, provided the person whose voting power is thereby affected is not an Affiliate of the Corporation.

(j) Pursuant to the solicitation of proxies subject to Regulation 14A under the Securities Exchange Act of 1934 or Chapter 607 of the Florida Statutes.

G. "Interested Shares" means the shares of the Corporation in respect of which any of the following persons may exercise or direct the exercise, as of the applicable record date, of the voting power of the Corporation in the election of directors, other than solely by the authority of a revocable proxy:

1. The Acquiring Person.
2. Any officer of the Corporation.
3. Any employee of the Corporation who is also a director of the Corporation.

H. "Person" means any individual, Corporation, partnership, unincorporated association or other entity.

SECTION 2 - Voting Rights: Control Shares of the Corporation acquired in a Control-Share Acquisition shall have only such voting rights as are granted by resolution approved by the holders of other than Interested Shares of the Corporation, as provided for in Section 607.0902(a), Florida Statutes (1994 Supp.).

SECTION 3. - Redemption of Control Shares by the Company: Control Shares acquired in a Control-Share Acquisition with respect to which no Acquiring Person Statement has been filed with the Corporation are subject to redemption by the Corporation at any time during the period ending 60 days after the last acquisition of Control Shares by such Acquiring Person or persons. Such shares are also subject to redemption by the Corporation in the event the Control Shares are not accorded full voting rights by the shareholders as provided for in Section 607.0902 (10)(b) and Section 607.0902(9), Florida Statutes (1994 Supp.). Such shares shall be subject to redemption at the fair value thereof. Fair value shall be the higher of, the average price paid for all shares of the Corporation, exclusive of the Control Shares, for the 90 days prior to the date of redemption by the Corporation or book value of the Corporation's shares on the last day of the month preceding the date of redemption by the Corporation, as calculated by Generally Accepted Accounting Procedures ("GAAP").

SECTION 4 - Rights of Dissenting Shareholders: If the Control-Share Acquisition is approved by the required vote at the meeting of shareholders at which it was voted upon, then any shareholder who did not vote in favor of the Control-Share Acquisition shall have the right to file with the Corporation a written demand for payment for his/her shares within ten (10) days after the date of the shareholder meeting. A shareholder may demand payment for less than all of the shares registered in his/her name. The Corporation shall deliver all such demands for payment to the Acquiring Person immediately following the expiration of the ten (10) day period. The Acquiring Person shall then be obligated to purchase all shares subject to the demand for payment

for the highest amount he has proposed to pay per share in the Control-Share Acquisition. Payment to shareholders making demand must be made on the day upon which the Control-Share Acquisition is consummated or upon surrender of the certificate or certificates representing shares for which demand has been made to the Acquiring Person, whichever is later. Any shareholder failing to make demand within the applicable ten (10) day period shall remain a shareholder of the Corporation.

SECTION 5 - Alteration or Repeal of this Section: This Section shall not be altered, amended, or repealed, except by an affirmative vote of at least 66 percent of the total number of shares of the Corporation entitled to vote on such matter.

ARTICLE XI - ACQUISITION OFFERS

The Board of Directors of the Corporation, when evaluating any offer of another Person to (i) make a tender or exchange offer for any equity security of the Corporation, (ii) merge or consolidate the Corporation with another corporation or entity or (iii) purchase or otherwise acquire all or substantially all of the properties and assets of the Corporation, shall, in connection with the exercise of its judgment in determining what is in the best interest of the Corporation and its shareholders, give due consideration to all relevant factors, including, without limitation, the social and economic effect of acceptance of such offer on the Corporation's present and future customers and employees and those of its Subsidiaries (as defined in Article IX); on the communities in which the Corporation and its Subsidiaries operate or are located; on the ability of the Corporation to fulfill its corporate objectives as a financial institution holding company and on the ability of its subsidiary financial institutions to fulfill the objectives of such institutions under applicable statutes and regulations.

ARTICLE XII - PREEMPTIVE RIGHTS

The Corporation elects to have preemptive rights as set forth in Section 607.0630, Florida Statutes.

ARTICLE XIII - RESTRICTION ON SALE OF STOCK

In the event the Corporation should elect S Corporation status under the Internal Revenue Code, no transfer of shares of the Corporation's stock to any person or entity which would destroy such status (a "Disqualifying Transfer") shall be valid unless approved by the affirmative vote of at least 66% of the outstanding shares of stock of the Corporation. This restriction shall be noted conspicuously on the back of all of the certificates representing shares of stock in the Corporation.

ARTICLE XIV - INDEMNIFICATION

Section 1 - General: The Corporation shall indemnify any officer, director, employee or agent of the Corporation to the fullest extent authorized by Section 607.0850, Florida Statutes, as it now exists or may hereafter be amended, but in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment. This includes, but is not limited to, any person who was or is made a party or is threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative ("Proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such Proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, reasonably incurred or suffered by such person in connection therewith. Such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that the Corporation shall indemnify any such person seeking indemnity in connection with an action, suit or Proceeding (or part thereof) initiated by such person only if such action, suit or Proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. Such right shall be a contract right and shall include the right to be paid by the Corporation for all expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, the payment of such expenses incurred by a director or officer in his or

her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of such proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it should be determined ultimately that such director or officer is not entitled to be indemnified under this Article or otherwise.

Section 2 - Failure to Pay Claim: If a claim under Section 1 of this Article is not paid in full by the Corporation within 90 days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under Section 607.0850 for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 607.0850, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its shareholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct.

Section 3 - Other Rights: The rights conferred on any individual by Sections 1 and 2 of this Article shall not be exclusive of any other right which such individual may have or hereafter acquire under any statute, provision of these Articles of Incorporation, Bylaws of the Corporation, agreement, vote of shareholders or Disinterested Directors or otherwise.

Section 4 - Insurance: The Corporation may maintain insurance, at its expense, to protect itself and any such director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss,

whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under Section 607.0850

Section 5 - Personal Liability: A director of the Corporation shall not be personally liable to the Corporation or its shareholders for monetary damages for any statement, vote, decision or failure to act regarding corporate management or policy except as provided in the FBCA. If Section 607.0850 is amended after adoption of these Articles of Incorporation and such amendment further eliminates or limits the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the FBCA, as so amended.

Any repeal or modification of the foregoing paragraph by the shareholders or the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

ARTICLE XV - AMENDMENT

The Corporation reserves the right to amend or repeal any provision contained in these Articles of Incorporation in the manner prescribed by the laws of the State of Florida, and all rights conferred upon shareholders are granted subject to this reservation; provided, however, that, notwithstanding any other provision of these Articles of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, the affirmative vote of the holders of at least 66% of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors (after giving effect to the provisions of Article III), voting together as a single class, shall be required to amend or repeal this Article XV, Section 3 of Article VII, Article VIII, Article IX, Article X, Article XI, or Article XIII.

IN WITNESS OF THE FOREGOING, the undersigned has executed these Articles of Incorporation on behalf of the Board of Directors this 30th day of September, 1997.

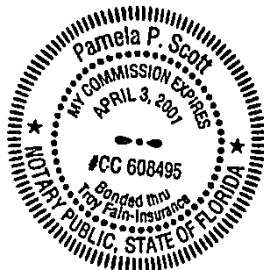


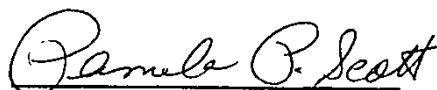
Michael L. Browning
Incorporator

STATE OF FLORIDA)
COUNTY OF MONROE)

BEFORE ME, the undersigned Notary Public, in and for the State of Florida at large, personally appeared Michael L. Browning, known personally to me to be the individual described in and who executed the foregoing Amended Articles of Incorporation of Key West BancGroup, Inc. and after being duly sworn, acknowledged that he executed the same for the uses and purposes therein expressed.

(Seal)





Notary Public

PAMELA P. SCOTT
Name Typed or Printed

**CERTIFICATE DESIGNATING
REGISTERED AGENT/REGISTERED OFFICE**

In accordance with Section 48.091, Florida Statutes, the following designation and acceptance are being submitted in compliance thereof.

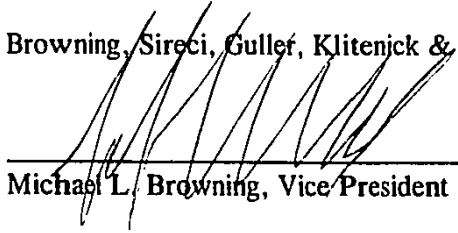
DESIGNATION:

Pursuant to the provision of Section 607.0501, Florida Statutes, Key West BancGroup, Inc. desires to organize under the laws of the State of Florida, and in connection therewith, hereby designates the law firm of Browning, Sireci, Guller, Klitenick & Thompson, P.A., as its registered agent whose address is 402 Appelrouth Lane, Key West, Florida 33040, which address shall also be the address of the Registered Office of the Corporation.

ACCEPTANCE:

Having been named to accept service of process for the above-stated corporation, at the place designated in this certificate, we hereby agree to act in this capacity, and we further agree to comply with the provisions of all statutes relative to the proper and complete performance of our duties, and we accept the duties and obligations of Section 607.0501, Florida Statutes.

Browning, Sireci, Guller, Klitenick & Thompson, P.A.



Michael L. Browning, Vice President

Dated: September 30, 1997

FILED
97 OCT -8 PM 4:05
STATE
TALLAHASSEE