

OFFICE OF THRIFT SUPERVISION

APPROVAL OF APPLICATIONS FOR PERMISSION TO ORGANIZE A FEDERAL SAVINGS BANK AND HOLDING COMPANY ACQUISITION

Order No.: 98-108

Date: October 26, 1998

Coastal Bancorporation, Inc., Tampa, Florida (the "Holding Company"), has applied to the Office of Thrift Supervision ("OTS"), pursuant to 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 552.2-1 and 574.3, to organize and acquire Coastal Bank, Merritt Island, Florida (the "Savings Bank"). (The foregoing are collectively referred to herein, as "the Applications.") The Savings Bank will be a member of the Savings Association Insurance Fund.

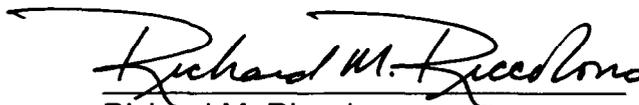
The OTS has considered the Applications under the standards set forth in 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 543.3, 552.2-1(b), and 574.7, and under the Community Reinvestment Act, 12 U.S.C. § 2901 *et seq.*, and the OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, the OTS has considered the digest by the OTS Southeast Regional Office ("Regional Office"), a legal opinion by the Business Transactions Division, and an analysis by Corporate Activities (collectively the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, the OTS has determined that the Applications satisfy all applicable statutory and regulatory criteria, provided that the conditions set forth below are satisfied. Accordingly, the Applications are hereby approved, subject to the following conditions:

1. The Holding Company and the Savings Bank must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Regional Office;
2. The proposed transaction must be consummated within one hundred and twenty (120) calendar days from the date of this Order or within such additional period as the Southeast Regional Director, or his designee, may grant;
3. On the business day prior to the date of consummation of the proposed transaction, the Chief Financial Officers of the Holding Company and the Savings Bank must certify in writing to the Southeast Regional Director that no material adverse changes have occurred with respect to the financial condition or operation of the Holding Company and the Savings Bank, respectively, as disclosed in the Applications, including but not limited to directors, shareholders, or the business plan; and provided further, that no additional information having an adverse bearing on any feature of the Applications has been brought to the attention of the Holding Company, the Savings Bank or the OTS since the date of the financial statements submitted with the Applications;
4. The Holding Company and the Savings Bank must, within five calendar days after the effective date of the proposed transaction, provide the Regional Office with a certification from legal counsel stating: (a) the effective date of the proposed transaction and of the Savings Bank's insurance of accounts and (b) that the

transaction was consummated in accordance with all applicable laws and regulations, the Applications and this Order;

5. The Savings Bank must submit independent audit reports to the Southeast Regional Director for its first three fiscal years. These reports shall comply with the audit rules set forth in 12 C.F.R. § 562.4;
6. Any material deviation from the Community Reinvestment Act Plan must be submitted to the Southeast Regional Director for review and non-objection. The revised plan must be submitted no later than thirty days prior to the desired implementation date;
7. The Savings Bank must operate within the parameters of its business plan. Any proposed major deviations or material changes from the plan will require the Savings Bank to submit a revised business plan for the approval of the Southeast Regional Director, or his designee. The request for change must be submitted a minimum of 30 days before the proposed change is implemented; and
8. The Savings Bank's Year 2000 Project Management Program must adhere to the terms, deadlines, requirements and conditions contained in the Year 2000 guidance issued by the OTS and/or the Federal Financial Institutions Examination Council ("FFIEC") including the May 5, 1997 *FFIEC Year 2000 Project Management Awareness* statement, the December 17, 1997 *FFIEC Safety and Soundness Guidelines Concerning the Year 2000 Business Risk*, the March 17, 1998 *FFIEC Guidance Concerning Institution Due Diligence in Connection with Service Provider and Software Vendor Year 2000 Readiness*, the March 17, 1998 *FFIEC Guidance Concerning the year 2000 Impact on Customers*, the April 10, 1998 *Guidance Concerning Testing for Year 2000 Readiness*, the May 13, 1998 *Guidance Concerning Contingency Planning in Connection with Year 2000 Readiness*, the May 13, 1998 *Guidance on Year 2000 Customer Awareness Programs*, the September 2, 1998 *Guidance Concerning Fiduciary Services and Year 2000 Readiness* and any subsequent OTS or FFIEC Year 2000 guidance, regulations or other requirements.

By order of the Director of the Office of Thrift Supervision, or her designee,
effective OCTOBER 26, 1998.


Richard M. Riccobono
Deputy Director