

In Re: Intracoastal Bank
Palm Coast, Florida
Application for Federal Deposit Insurance (Deposit Insurance Fund) and to
Establish a Courier Service

ORDER

The undersigned, acting on behalf of the Board of Directors of the FDIC, pursuant to delegated authority, has fully considered all available facts and information relevant to the factors of Section 6 of the Federal Deposit Insurance Act and relating to the application for Federal deposit insurance for Intracoastal Bank, a proposed new State nonmember bank to be located at 1290 Palm Coast Parkway, Palm Coast, Flagler County, Florida, and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED that the application submitted by Intracoastal Bank for Federal deposit insurance be and is approved subject to the following conditions:

- (1) That beginning paid-in capital funds of not less than \$13,525,000 be provided, of which not less than \$6,762,500 shall be allocated to common capital and not less than \$6,762,500 to surplus;
- (2) That the Tier 1 capital to assets leverage ratio (as defined in the appropriate capital regulation and guidance of the institution's primary federal regulator) will be maintained at not less than eight percent throughout the first three years of operation and that an adequate allowance for loan and lease losses will be provided;
- (3) That any changes in proposed management or proposed ownership (10% or more of stock), including new acquisitions of or subscriptions to 10% or more of the stock, shall be approved by the FDIC prior to opening of the bank;
- (4) That any proposed contracts, leases or agreements relating to construction or rental of permanent quarters are submitted to the Regional Director for review and comment;
- (5) That an accrual accounting system be adopted for maintaining the bank's books;
- (6) That sufficient fidelity coverage on the bank's active officers and employees to conform with generally accepted banking practices be obtained prior to opening for business;
- (7) That the bank obtain an audit of its financial statements by an independent public accountant annually for at least the first three years after deposit

insurance coverage is effective and submit to the Atlanta Regional Office (i) a copy of the audited financial statements and the independent public auditor's report thereon within 90 days after the end of the bank's fiscal year, (ii) a copy of any other reports by the independent auditor (including any management letters) within 15 days of receipt, and (iii) written notification within 15 days when a change in its independent auditor occurs;

- (8) That the bank shall operate within the parameters of the business plan submitted to the FDIC, and, furthermore, during the first three years of operations, the bank shall notify the Regional Director of the FDIC of any proposed major deviation or material change from the submitted plan 60 days before consummation of the change;
- (9) That Federal deposit insurance shall not become effective unless and until the applicant has been granted a charter as a depository institution, that it has authority to conduct a banking business, and that its establishment and operation as a bank have been fully approved by the State of Florida, Office of Financial Regulation;
- (10) That until the bank is established, the Corporation shall have the right to alter, suspend, or withdraw the said commitment should any interim development be deemed to warrant such action; and,
- (11) That if deposit insurance has not become effective within twelve months from the date of this ORDER, or unless, in the meantime, a request for an extension of time has been approved by the Corporation, the consent granted shall expire at the end of the said twelve-month period.

Dated at Atlanta, Georgia, this 20th day of December, 2007.

FEDERAL DEPOSIT INSURANCE CORPORATION

By: _____ /s/
Mark S. Schmidt
Regional Director
Atlanta Region