

OFFICE OF THRIFT SUPERVISION

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

Order No.: 99-40

Date: July 1, 1999

G&L Holding Group, Inc., Pensacola, Florida (the "Holding Company"), has applied for approval of the Office of Thrift Supervision (the "OTS") pursuant to 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 552.2-1 and 574.3 for permission to organize and acquire G&L Bank, Pensacola, Florida (the "Savings Bank") (collectively, "the Applications").

The OTS has considered the Applications under the factors set forth in 12 U.S.C. §§ 1464(e) and 1467a(e); 12 C.F.R. §§ 543.3, 552.2-1 and 574.7; and other applicable statutes and regulations. The OTS also has considered the Applications under the Community Reinvestment Act (the "CRA"), 12 U.S.C. § 2901 *et seq.*, and the OTS regulations thereunder, 12 C.F.R. Part 563e.

In addition, the OTS has considered a digest from the Southeast Regional Office, an analysis prepared by the Office of Supervision, an analysis from Compliance Policy, and a legal opinion from the Business Transactions Division (collectively, the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, the OTS finds that the Applications satisfy the applicable approval standards provided that the following conditions are complied with in a manner satisfactory to the Southeast Regional Director, or his designee ("Regional Director"). Accordingly, the Applications are hereby approved, subject to the following conditions:

1. The proposed transaction must be consummated no later than 120 calendar days after the date of this approval order, unless an extension is granted for good cause by the Regional Director;
2. The Savings Bank must provide the Regional Director at least 30 calendar days prior written notice of its desired organization date. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the Savings Bank and the Holding Company must certify to the Regional Director, in writing, that no material adverse events or material adverse changes have occurred with respect to the financial condition or operations of the Savings Bank and the Holding Company, respectively, since the date of the financial statements submitted with the Applications;
3. The Savings Bank and the Holding Company must obtain all required regulatory and shareholder approvals prior to consummation, must supply copies of those approvals to the Regional Director, and must act to satisfy all requirements and conditions imposed by the OTS, and comply with all applicable laws, rules, and regulations;

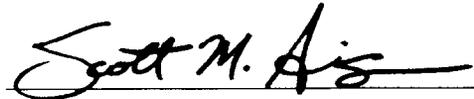
4. No later than 5 calendar days from the date of consummation of the proposed transaction, the Savings Bank must file with the Regional Director, a certification by legal counsel stating the effective date of the proposed transaction and of the Savings Bank's insurance of accounts, and that the transaction has been consummated in accordance with the provisions of all applicable laws and regulations, the Applications and this order. No later than 5 days following the date the Savings Bank opens for business, the Chief Financial Officer must provide a reconciliation of capital for both the Savings Bank and the Holding Company;
5. The Savings Bank must submit independent audit reports to the Regional Office for its first three fiscal years. These reports must be in compliance with the audit rules set forth in 12 C.F.R. § 562.4;
6. The Savings Bank must operate within the parameters of its business plan including maintaining minimum core and risk-based capital levels of at least 8 percent and 12 percent, respectively, over the three year business plan period. The Holding Company and the Savings Bank must submit any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the Holding Company), and in particular, those pertaining to the level of capital and Internet operations, for the prior, written non-objection of the Regional Director. If the Holding Company proposes to offer stock in excess of \$25 million, a revised business plan for the Savings Bank and the Holding Company must be submitted and approved prior to opening for business. The request for any change must be submitted a minimum of 30 calendar days before the proposed change is implemented. The Savings Bank must also submit quarterly variance reports depicting the Savings Bank's operations versus the submitted business plan to this office within 45 days of the end of each quarter for the first three years of operation;
7. At least 45 days prior to commencing operations, the Savings Bank must submit the following documents to the Regional Director for his review and non-objection: (a) approved loan policies, procedures, manuals, and public underwriting standards; (b) description of available credit products that will be made available to the public; and (c) a comprehensive compliance management program;
8. Prior to opening for business, the Savings Bank must submit to the Regional Director for his prior written non-objection a tax sharing agreement between the Holding Company and the Savings Bank;
9. Prior to commencing operations, the Savings Bank and the Holding Company each must appoint an additional three directors with prior banking or related experience with credentials satisfactory to the Regional Director. The Holding Company and the Savings Bank must submit background information and receive the written non-objection of the Regional Director for such directors;
10. For a period of three years following the date of consummation, the Savings Bank must receive the prior non-objection of the Regional Director for any proposed new senior executive officer or director;

11. The Savings Bank's CRA Plan shall be subject to any future changes in requirements contained in regulatory policies or regulations that the OTS, on its own, or acting in concert with other financial institution regulatory agencies, determines are appropriate for depository institutions operating primarily through non-traditional channels;
12. Prior to engaging in any activities other than owning the Savings Bank in its first three years of operation, the Holding Company shall submit for review and approval of the Regional Director a three-year business plan for the Holding Company. Cash at the Holding Company, beginning at the date the private placement securities offering is closed, must be invested only in readily marketable liquid assets and Holding Company expenses must be limited to those that are incidental to its operation unless the prior written approval of the Regional Director has been received;
13. Prior to opening for business, the Savings Bank must cause to be performed an independent review of Internet Solutions, Inc., to document that the security controls in place at Internet Solutions, Inc., and security measures set forth in the system design and implementation phases have been adequately implemented, are operating as required and have been tested by various means to measure their effectiveness. Such review must be performed by independent computer security specialists and must specifically include testing to determine that reasonable controls are in place to ensure that attempts to gain unauthorized access to its systems and data will not be successful, and such attempts will be logged and monitored. The report should confirm, in writing, that the computer system does not allow unauthorized or undetected access to customer accounts, with reasonable certainty. The Savings Bank must agree that it will attempt to correct all deficiencies noted in the report within a reasonable amount of time. In addition, the Savings Bank must perform such a review prior to the initial implementation of any subsequent Internet service delivery providers and provide the report to the Regional Office. These reviews shall be subject to any additional standards or requirements set by the Regional Director including prior OTS review of the qualifications of the independent computer security specialists;
14. During the first 18 months of operation, the Savings Bank must provide the OTS a copy of any SAS 70 reports prepared for the Internet banking platform providers within 5 days of receipt by the Savings Bank;
15. Any stock benefit plans not previously submitted, and employment contracts entered into in connection with the formation of the Savings Bank and its acquisition by the Holding Company, must receive the prior written approval of the Regional Director;
16. At least 30 calendar days prior to consummation, the Holding Company must provide to the Regional Office a list of the Holding Company's stockholders including names, addresses, number of shares, and percentage of total shares. Any individuals or entities presumed to be acting in concert pursuant to 12 C.F.R. Section 574.4 must be listed and the relationships disclosed;

17. At least 30 calendar days before beginning operations, the Savings Bank must submit written evidence, acceptable to the Regional Director, that the Savings Bank's Year 2000 efforts comply with the terms, milestone dates, requirements and conditions contained in the Year 2000 guidance issued by the OTS and/or the Federal Financial Institutions Examination Council .

Any time specified herein may be extended by the Regional Director, for good cause, for up to 120 calendar days.

By order of the Director of the Office of Thrift Supervision, or her designee, effective
July 1, 1999.



Scott M. Albinson
Managing Director