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Comptroller of the Currency  
Administrator of National Banks

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Southeastern District  
Marquis One Tower, Suite 600  
245 Peachtree Center Ave., N.E.  
Atlanta, GA 30303

February 1, 2000

**Conditional Approval #363  
March 2000**

Mr. William B. Gossett, Spokesperson  
Islands Community Bank, National Association  
500-A Carteret Street  
Beaufort, South Carolina 29902

Re: 1999-SE-01-0026  
Islands Community Bank, National Association  
Beaufort, South Carolina

Dear Mr. Gossett:

The Office of the Comptroller of the Currency has reviewed your application to establish a new national bank with the title of Islands Community Bank, N.A. On February 1, 2000, after a thorough evaluation of all data available to the OCC, we found your proposal met the requirements for preliminary approval.

This approval is granted based on a thorough review of all information available, including the representations and commitments in the application and by the proposed bank's representatives. The bank's stock option plan has not been reviewed and is not included in this approval. We also extend our decision to grant preliminary approval with the understanding that the proposed national bank will apply for membership in the Federal Reserve System and obtain FDIC insurance.

Any significant deviations from the original operating plan, or changes in the organizing group or chief executive officer, must receive the prior written approval of the OCC. Significant deviations or changes that have not been approved may be grounds for delaying issuance of the charter or for withdrawing preliminary approval (see the Significant Changes discussion in the Introduction of the "Corporate Organization" booklet).

Please refer to the "Corporate Organization" booklet (enclosed) in the *Comptroller's Manual* for the instructions on organizing your bank. The booklet contains all of the steps you must take to receive your charter. As detailed in the booklet, you may establish the corporate existence of and

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begin organizing the bank as soon as you adopt and forward acceptable Articles of Association and the Organization Certificate to this office. As a "body corporate" or legal entity, you may begin taking those steps necessary for obtaining final approval, but you may not begin the business of banking until you fulfill all requirements for a bank in organization and final approval is granted by the OCC.

After reading the instructions for the organization of a new bank, we suggest that the spokesperson or a designated correspondent visit this Office to discuss the organizing process. Such a visit can save time and prevent some of the pitfalls that have delayed or prevented other banks from opening.

Enclosed are standard requirements that must be met before the bank will be allowed to commence business. Management must ensure that the applicable policies and procedures are established and adopted by the Board of Directors before the bank begins operation.

The OCC poses no objection to the following persons serving as designated senior executive officers as proposed in the application. Additional executive officers are subject to the OCC's **prior** review and clearance.

President/Chief Executive Officer William B. Gossett

The OCC poses no objections to the individuals listed below serving as Directors. Any other Directors are subject to the OCC's **prior** review and clearance.

Avery Cleland  
Louis O'Neil Dore  
Paul Melvin Dunnavant, III  
Martha Brown Fender  
David Martin Goodman  
Edward McNeil  
Frances Kennedy Nicholson  
James Franklin Ward  
Bruce Kevin Wyles

The bank proposes to raise a minimum of \$6 million in capital prior to commencing bank operations. You are reminded that, pursuant to 12 CR 5.20(i)(5)(iii), this preliminary approval expires if the bank does not raise the capital funds within 12 months from the date of this letter. The preliminary approval also will expire if the bank has not commenced business within 18 months from the date of this letter.

This approval is subject to the condition that the bank shall provide the Carolinas Field Office at least thirty (30) days prior notice of any significant deviations of changes from the proposed operating plan during the first three years of operations. This condition is enforceable under 12 USC '1818.

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You are also reminded that for a period of two years after the bank has opened for business, the OCC must review and have no objection to any new executive officers or Directors **prior** to that person assuming such position.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications.

You should direct any questions concerning this preliminary approval to Licensing Analyst Valerie Richards at (404) 588-4525.

Yours truly,

/s/

John O. Stein  
Licensing Manager

Enclosures: Standard Requirements  
"Corporate Organization" booklet  
Minimum Policies and Procedures