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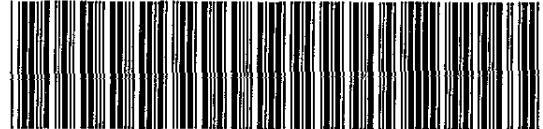
(Business Entity Name)

(Document Number)

Certified Copies _____ Certificates of Status _____

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FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
2003 APR 15 AM 10:31

Merger
LTS
4-16-2003

OFFICE OF FINANCIAL INSTITUTIONS AND SECURITIES REGULATION

DATE: April 15, 2003

TO: Louise Jackson, Department of State
Division of Corporations

FROM: Bruce Ricca, Licensing and Chartering

SUBJ: Merger of Coast Interim Bank with and into
Coast Bank of Florida and under the title of
Coast Bank of Florida

Please file the attached "Merger Documents" for the above-referenced institutions, using the CLOSE OF BUSINESS ON APRIL 15, 2003, as the effective date.

Please make the following distribution of certified copies:

- (1) One copy to: Bruce Ricca
Office of Financial Institutions & Securities Regulation
200 East Gaines Street
Fletcher Building, Suite 636
Tallahassee, Florida 32399-0371
- (2) One copy to: Ms. Melissa Laskey
Carlton Fields
Post Office Box 3239
Tampa, Florida 33601-3329
- (3) One copy to: Mr. Steven King
(uncertified) Federal Deposit Insurance Corporation
10 Tenth Street, N. E.
Suite 800
Atlanta, Georgia 30309-3906

Also attached is a check that represents payment of the filing fees, charter tax and certified copies. If you have any questions, please call 410-9528.

ARTICLES OF MERGER
Merger Sheet

MERGING:

COAST INTERIM BANK, a Florida corporation (Document #P03000042440)

INTO

COAST BANK OF FLORIDA, a Florida entity, P00000019753

File date: April 15, 2003

Corporate Specialist: Louise Flemming-Jackson

DEPARTMENT OF FINANCIAL SERVICES

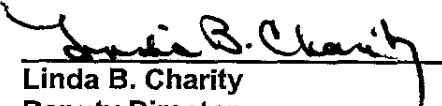
OFFICE OF FINANCIAL INSTITUTIONS AND SECURITIES REGULATION



FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
2003 APR 15 AM 10:31

Having been approved by the Director of the Office of Financial Institutions and Securities Regulation on February 26, 2003, to merge Coast Interim Bank (a Successor Institution), Bradenton, Manatee County, Florida, and Coast Bank of Florida, Bradenton, Manatee County, Florida, and being satisfied that the conditions of approval have been met, I approve for filing with the Department of State, the attached "Plan of Merger and Merger Agreement," which contains the Articles of Incorporation of Coast Bank of Florida Bank (the resulting bank), so that effective at the close of business on April 15TH, 2003, they shall read as stated herein.

Signed on this 10TH day
of April, 2003.


Linda B. Charity
Deputy Director

PLAN OF MERGER AND MERGER AGREEMENT

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
2003 APR 15 AM 10:31

**Coast Interim Bank
with and into
Coast Bank of Florida
under the charter of
Coast Bank of Florida
under the title of
Coast Bank of Florida**

This **PLAN OF MERGER AND MERGER AGREEMENT** (this "Agreement") is dated as of December 11, 2002, by and among **COAST BANK OF FLORIDA** ("Coast Bank"), a Florida state chartered banking corporation having its principal office located at 2412 Cortez Road West, Bradenton, Florida 34207, **COAST FINANCIAL HOLDINGS, INC.** ("Holding Company"), a Florida corporation having its principal office located at 2412 Cortez Road West, Bradenton, Florida 34207, and **COAST INTERIM BANK** ("Interim Bank"), a Florida banking corporation in organization and wholly-owned subsidiary of Holding Company having its principal office located at 2412 Cortez Road West, Bradenton, Florida 34207.

WITNESSETH

WHEREAS, the Board of Directors of Coast Bank ("Coast Board") has determined that it is in the best interests of Coast Bank and its shareholders for Coast Bank to reorganize its corporate structure to provide for a financial holding company ("Reorganization"), which is anticipated to serve as a source of financial strength for Coast Bank;

WHEREAS, the Coast Board has organized Holding Company for the specific purpose of serving as a financial holding company to Coast Bank and intends to effectuate the Reorganization through the proposed merger of Coast Interim Bank with and into Coast Bank pursuant to the terms and conditions set forth in this Agreement;

WHEREAS, the Coast Board deems the merger of Interim Bank with and into Coast Bank and the Reorganization desirable and in the best interests of Coast Bank and its shareholders, and the Board of Directors of Holding Company ("Holding Company Board") deems the merger and the Reorganization desirable and in the best interests of Holding Company and Interim Bank and their respective shareholders; and

WHEREAS, the Coast Board, the Holding Company Board on behalf of Holding Company and on behalf of Interim Bank as its sole shareholder has approved this Agreement which provides for the merger of Coast Interim Bank with and into Coast Bank pursuant to Sections 658.40 through 658.45 of the Florida Statutes and the Coast Board has directed that this Agreement be submitted to its shareholders for approval.

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, the parties do hereby agree that this Agreement shall be as follows:

ARTICLE I

TERMS OF THE MERGER

1.1. The Merger. Subject to the terms and conditions of this Agreement, at the Effective Time (as defined in Section 1.2 of this Agreement), Interim Bank shall be merged with and into Coast Bank, under the charter of "Coast Bank of Florida", pursuant to the provisions of, and with the effect provided under, Florida law (the "Merger"). At the Effective Time, the separate existence of Interim Bank shall cease and Coast Bank, as the surviving entity, shall continue unaffected and unimpaired by the Merger. (Coast Bank as existing on and after the Effective Time being hereinafter sometimes referred to as the "Resulting Financial Institution.") The name of the Resulting Financial Institution shall be "Coast Bank of Florida."

1.2. Effective Time. The Merger shall become effective on the date and time specified in the Certificate of Merger issued by the Comptroller of Florida pursuant to Section 658.45 of the Florida Statutes ("Effective Time").

1.3. Effect of the Merger. The Merger shall have the effects specified in Section 658.45 of the Florida Statutes.

ARTICLE II

ARTICLES OF INCORPORATION AND BYLAWS

The Articles of Incorporation, as amended, and the Bylaws, as amended, of Coast Bank in effect immediately prior to the Effective Time shall be the Articles of Incorporation ("Resulting Articles of Incorporation") and the Bylaws of the Resulting Financial Institution, in each case until amended in accordance with applicable law. The Resulting Articles of Incorporation are attached hereto as Exhibit 1.

ARTICLE III

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

At the Effective Time, the Board of Directors and Executive Officers of the Resulting Financial Institution shall consist of those persons serving as directors and executive officers of Coast Bank immediately prior to the Effective Time, each such person being identified in Exhibit 2 hereto. Directors and Executive Officers of the Resulting Financial Institution will be elected annually and shall serve until the next election of directors or executive officers, as the case may be, and until their successors are duly elected and qualified or until their earlier death, resignation or removal.

ARTICLE IV

BUSINESS OF BANK AND OFFICES

4.1. Business of the Resulting Financial Institution. The business of the Resulting Financial Institution shall be that of a general commercial banking business. The Resulting Financial Institution will not exercise trust powers.

4.2. Principal Office and Branches. The principal office of the Resulting Financial Institution shall be located at 2412 Cortez Road West, Bradenton, Florida 34207. The branches of the Resulting Financial Institution shall be located at (a) 5390 Gulf of Mexico Drive, Longboat Key, Florida 34228 and (b) 7051 Manatee Avenue West, Bradenton, Florida 34209.

ARTICLE V

CAPITAL STOCK AND EXCHANGE OF SHARES

5.1. Capitalization.

(a) As of the date of this Agreement: (i) the authorized capital stock of Coast Bank consists of (A) 20,000,000 shares of common stock, \$5.00 par value per share ("Coast Bank Common Stock"), of which 1,350,450 shares are issued and outstanding, and (B) 5,000,000 shares of preferred stock, \$1.00 par value per share ("Coast Bank Preferred Stock"), of which 545,000 shares are designated as 7% Series A Non-Cumulative Convertible Perpetual Preferred Stock ("Coast Bank Series A Preferred Stock") and are issued and outstanding. The shares of Coast Bank Series A Preferred Stock are the only shares of Coast Bank Preferred Stock issued and outstanding; and (ii) other than stock options to purchase 120,000 shares of Coast Bank Common Stock, there are no outstanding warrants, options, conversion privileges, preemptive rights, or other rights or agreements to purchase or otherwise acquire or issue any capital stock of Coast Bank.

(b) As of the date of this Agreement: (i) the authorized capital stock of Interim Bank consists of 1,000 shares of common stock, \$1.00 par value per share ("Interim Common Stock"), of which no shares are issued and outstanding; and (ii) there are no outstanding warrants, options, conversion privileges, preemptive rights, or other rights or agreements to purchase or otherwise acquire or issue any capital stock of Interim Bank.

(c) As of the date of this Agreement: (i) the authorized capital stock of Holding Company consists of (A) 20,000,000 shares of common stock, \$5.00 par value per share ("Holding Common Stock"), of which one share is issued and outstanding, and (B) 5,000,000 shares of preferred stock, \$1.00 par value per share ("Holding Preferred Stock"), of which 545,000 shares are designated as 7% Series A Non-Cumulative Convertible Perpetual Preferred Stock ("Holding Series A Preferred Stock"). No shares of Holding Preferred Stock, including Holding Series A Preferred Stock, are issued and outstanding; and (ii) there are no outstanding warrants, options, conversion privileges, preemptive rights, or other rights or agreements to purchase or otherwise acquire or issue any capital stock of Holding Company.

5.2. Treatment of Shares at the Effective Time.

(a) Each share of capital stock of the Interim Bank which shall be issued and outstanding at the Effective Time, including shares held in the treasury, shall cease to be outstanding and cancelled as of the Effective Time.

(b) Each share of capital stock of Holding Company which shall be issued and outstanding immediately prior to the Effective Time, including shares held in the treasury, shall cease to be outstanding as of the Effective Time.

(c) Each share of capital stock of the Resulting Financial Institution which shall be issued and outstanding immediately prior to the Effective Time, including shares held in the treasury, shall remain outstanding at the Effective Time.

5.3. Exchange of Shares. Subject to the provisions of this Article V, at the Effective Time, by virtue of the Merger and without any action on the part of Holding Company, Coast Bank, the Interim Bank, or their respective shareholders, the shares of the constituent corporations shall be converted as follows, except for shares of the capital stock of Coast Bank issued and outstanding immediately prior to the Effective Time as to which dissenters' rights have been perfected and not withdrawn:

(a) Each share of Coast Bank Common Stock issued and outstanding at the Effective Time shall be exchanged for one (1) share of Holding Common Stock and each share of Coast Bank Series A Preferred Stock issued and outstanding at the Effective Time shall be exchanged for one (1) share of Holding Series A Preferred Stock; and

(b) Each share of capital stock of Coast Bank issued and outstanding at the Effective Time shall be allocated to Holding Company.

5.4. Conversion of Stock Options and Rights. At the Effective Time, each award, option, or other right to purchase or acquire Coast Bank Common Stock pursuant to any stock awards, stock options, stock appreciation rights or other benefits granted and under any stock option or compensation plan which are outstanding at the Effective Time, whether or not vested or exercisable, without any action on the part of the holder thereof, shall be converted, on a one-for-one basis, into and become rights to purchase or acquire Holding Common Stock.

5.5 Capital of the Resulting Financial Institution. At the Effective Time, the amount of the total capital accounts of the Resulting Financial Institution shall be identical to that set forth in Section 5.1(a) of this Agreement. The limitation, rights, preferences, and other special terms of each class of capital stock of the Resulting Financial Institution shall be the same as the limitations, rights, preferences, and other special terms of each class of capital stock of Coast Bank set forth in Article III of the Resulting Articles of Incorporation attached hereto as Exhibit 1. The Resulting Financial Institution shall have surplus and undivided profits or retained earnings equal to the capital accounts of Coast Bank and the Interim Bank immediately prior to the Effective Time. All such amounts of surplus and undivided profits or retained earnings shall be adjusted for normal earnings and expenses, and any accounting adjustments relating to the Merger provided for herein.

ARTICLE VI

DISSENTER'S SHARES

Notwithstanding Section 5.3 of this Agreement, shares of capital stock of Coast Bank issued and outstanding at the Effective Time which are held by a holder who has not voted in favor of the Merger and who has demanded payment for such shares in accordance with Section 658.44 of the Florida Statutes shall not be converted into or represent the right to receive the shares of Holding Company capital stock payable thereon pursuant to Section 5.3 of this Agreement, and shall be entitled only to such rights of appraisal as are granted by Section 658.44 of the Florida Statutes ("Dissent Provisions"), unless and until such holder fails to perfect or effectively withdraws or otherwise loses his or her right to appraisal. If after the Effective Time any such holder fails to

perfect or effectively withdraws or loses his right to appraisal, such shares of Coast Bank capital stock shall be treated as if they had been converted at the Effective Time into the right to receive the shares of Holding Company capital stock payable thereon pursuant to Section 5.3 of this Agreement (any shareholder duly making such demand being hereinafter call a "Dissenting Shareholder"). Each Dissenting Shareholder that becomes entitled, pursuant to the Dissent Provisions, to payment for any shares of Coast Bank capital stock held by such Dissenting Shareholder shall receive payment therefore from Holding Company (but only after the amount thereof shall have been agreed upon or at the times and in the amounts required by the Dissent Provisions) and all such Dissenting Shareholders shares of Coast Bank capital stock shall be allocated to Holding Company.

ARTICLE VII

CONDITIONS TO MERGER

This Plan of Merger is subject to the following terms and conditions:

7.1. State Regulatory Approvals. The Florida Department of Banking and Finance shall have approved this Agreement and shall have issued all other necessary authorizations and approvals for the Merger, including the Certificate of Merger.

7.2. Federal Regulatory Approvals. The appropriate federal regulatory agencies shall have approved the Merger and shall have issued all other necessary authorizations and approvals for the Merger, and any statutory waiting period shall have expired.

7.3. Shareholder Approvals. This Agreement and the Merger shall be approved by the sole shareholder of Interim Bank, the sole shareholder of Holding Company, and by the affirmative vote of the holders of a majority of the shares of capital stock of Coast Bank entitled to vote thereon, voting as one class, at a duly called meeting of the shareholders of Coast Bank or as otherwise provided by Coast Bank's articles of incorporation, or bylaws, or by applicable law.

ARTICLE VIII

ABANDONMENT AND TERMINATION

Anything contained in this Agreement to the contrary notwithstanding, and prior to adoption hereof by the shareholders of Coast Bank and the sole shareholder of Interim Bank, this Agreement may be terminated by the unilateral action of the board of directors of any party to this Agreement. After approval of the shareholders of the parties specified in this Article VIII has been received, this Agreement may be terminated by the mutual consent of all parties to this Agreement.

ARTICLE IX

MISCELLANEOUS

9.1. This Agreement may be amended or supplemented at any time by mutual agreement of Coast Bank and the Interim Bank. Any such amendment or supplement must be in writing and approved by their respective Board of Directors.

9.2. The headings of the several Articles herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement of Merger.

9.3. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida applicable to agreements made and entirely to be performed in such jurisdiction, except to the extent federal law may be applicable.

[Signatures on Following Page.]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by their respective officers thereunto duly authorized, all as of the date first written above.

Attest:

Diane L. Minks
Diane L. Minks, Secretary

(Seal)

COAST BANK OF FLORIDA

By: Gerald L. Anthony
Gerald L. Anthony
President and Chief Executive Officer

Attest:

Diane L. Minks
Diane L. Minks, Secretary

COAST FINANCIAL HOLDINGS, INC.

By: Gerald L. Anthony
Gerald L. Anthony
President and Chief Executive Officer

Attest:

Diane L. Minks
Diane L. Minks, Secretary

COAST INTERIM BANK,
In Organization

By: COAST FINANCIAL HOLDINGS, INC.,
Its Sole Shareholder

By: Gerald L. Anthony
Gerald L. Anthony
President and Chief Executive Officer

EXHIBIT 1

ARTICLES OF INCORPORATION
OF RESULTANT FINANCIAL INSTITUTION
"COAST BANK OF FLORIDA"

ARTICLES OF INCORPORATION
OF
COAST BANK OF FLORIDA

FILED
00 FEB 25 AM 7:42
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

The undersigned, acting as Incorporator for the purpose of forming a corporation under and by virtue of the Laws of the State of Florida, adopts the following Articles of Incorporation.

ARTICLE I

The name of the corporation shall be Coast Bank of Florida ("Bank"). Its initial place of business shall be 2412 Cortez Road, Bradenton, Florida 34207, or at such other place as the Board of Directors shall designate.

ARTICLE II

The general nature of the business to be transacted by the Bank shall be that of a general commercial banking business with all the rights, powers, and privileges granted and conferred by the Florida Financial Institutions Codes, regulating the organization, powers, and management of banking corporations.

ARTICLE III

The total number of shares authorized to be issued by the Bank shall be 5,000,000. Such shares shall be of a single class and shall have a par value of \$5.00 per share. The Bank shall begin business with at least \$2,775,000 in paid-in common capital stock to be divided into 555,000 shares. The amount of surplus with which the Bank will begin business will be not less than \$2,175,000 and an amount of undivided profits, not less than \$350,000, all of which (capital stock, surplus and undivided profits) shall be paid in cash.

ARTICLE IV


The term for which said Bank shall exist shall be perpetual unless terminated pursuant to the Florida Financial Institutions Codes.

ARTICLE V

The number of directors shall not be fewer than seven (7). A majority of the full board of directors may, at any time during the year following the annual meeting of shareholders, increase the number of directors by not more than two and appoint persons to fill resulting vacancies. The names and street addresses of the first directors of the Bank are:

<u>Name</u>	<u>Street Address</u>
Robert Lee Andreasen	4441 Blue Sage Court Bonita Springs, Florida 34134
Gerald L. Anthony	3907 Royal Palm Court Bradenton, Florida 34243
C. Guy Batsel	16150 Sunset Pines Circle Boca Grande, Florida 33921
Bruce Hudson	8107 DeSoto Memorial Highway Bradenton, Florida 34209
Thomas M. O'Brien	336 South Orchid Drive Bradenton, Florida 34222
Michael T. Ruffino	2901 Little Country Road Parrish, Florida 34219
James K. Toomey	6425 28th Avenue East Bradenton, Florida 34208
David W. Wilcox	3202 Riverview Boulevard North Bradenton, Florida 34239

In witness of the foregoing, the undersigned Incorporator executed these Articles of Incorporation this 18th day of February, 2000.


A. George Igler, Incorporator
Coast Bank of Florida

STATE OF FLORIDA }
COUNTY OF LEON }

The foregoing instrument was acknowledged before me this 18th day of February, 2000, by A. George Igler, who is _____ personally known to me or who has produced _____ as identification and who did/did not take an oath.


Notary Public - State of Florida at Large
My Commission Expires:



Articles of Incorporation of Coast Bank of Florida approved
by the Department of Banking this 23RD day of
February, 2000.

Tallahassee, Florida


Robert F. Milligan, Comptroller
State of Florida

FILED
00 FEB 25 AM 7:42
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

**ARTICLES OF AMENDMENT TO THE
ARTICLES OF INCORPORATION OF
COAST BANK OF FLORIDA**

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS

01 MAR -2 PM 3: 19

Pursuant to the provisions of Sections 658.30, 607.1003, and 607.1006 of the Florida Statutes, Coast Bank of Florida, a Florida banking corporation (the "Bank"), adopts the following Articles of Amendment to its Articles of Incorporation:

ARTICLE I
Name

The name of the banking corporation is Coast Bank of Florida

ARTICLE II
Amendment

RESOLVED, that Article III of the of the Articles of Incorporation is hereby deleted and amended in its entirety to read as follows:

"The total number of shares of capital stock of all classes which the Bank shall have the authority to issue is Twenty-Five Million (25,000,000), consisting of Twenty Million (20,000,000) shares of common stock having a par value of \$5.00 per share (the "Common Stock") and Five Million (5,000,000) shares of preferred stock (the "Preferred Stock").

The Board of Directors of the Bank (the "Board of Directors") is hereby expressly authorized, subject to limitations prescribed by law and this Article III, to provide for the issuance of Preferred Stock in one or more classes or series, and, by filing Articles of Amendment to the Articles of Incorporation pursuant to the applicable law of the State of Florida, to establish from time to time the number of shares to be included in each such class or series, to fix the designations, powers, preferences, and rights of the shares of such class or series and any qualifications, limitations, or restrictions thereof, and, subject to the limitations and restrictions set forth in the Articles of Amendment or Amendments adopted by the Board of Directors originally fixing the number of shares constituting any series or class, to increase or decrease the number of shares of any such class or series subsequent to the issue of shares of that class or series, but not below the number of shares of such class or series then outstanding. In case the number of shares of any class or series of Preferred Stock shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the Amendment or Amendments to the Articles of Incorporation originally fixing the number of shares of such class or series.

Except as expressly provided in any Amendment or Amendments to the Articles of Incorporation designating any class or series of Preferred Stock pursuant to the foregoing provisions of this Article III, shares of any class or series of Preferred Stock which have been redeemed (whether through the operation of a sinking fund or otherwise), purchased, or otherwise acquired by the Corporation, or which, if

convertible or exchangeable, have been converted or exchanged for shares of stock of any other class, classes, or series, shall have the status of authorized and unissued shares of Preferred Stock and may be reissued as part of the class or series of which they were originally a part or may be reclassified and reissued as part of a new class or series of Preferred Stock to be created pursuant to the provisions of this Article III or as part of any other class or series of Preferred Stock."

ARTICLE III
Date of Adoption

The amendment was adopted on the 15th day of February, 2001.

ARTICLE IV
Manner of Adoption

The Board of Directors of the Bank reviewed, considered, and pursuant to unanimous action by written consent in accordance with Sections 658.30 and 607.0821 of the Florida Statutes duly adopted the foregoing amendment ("Capitalization Amendment"), effective February 6, 2001, and declared the Capitalization Amendment to be advisable and recommended and presented the same to the holders of all of the Bank's outstanding Common Stock for approval. Thereafter, pursuant to an action by written consent the holders of the Bank's outstanding Common Stock, the only class of outstanding securities of the Bank entitled to vote on the Capitalization Amendment, duly approved the Capitalization Amendment on February 15, 2001 in accordance with Sections 658.30 and 607.0704 of the Florida Statutes. The number of votes cast in favor of the Capitalization Amendment by stockholders of the Bank was sufficient for approval of the Capitalization Amendment. Accordingly, the Capitalization Amendment has been authorized by all appropriate action under the Florida Statutes.

IN WITNESS WHEREOF, Coast Bank of Florida has caused this Amendment to its Articles of Incorporation to be signed by Gerald L. Anthony, its President and Chief Executive Officer, on this 21st day of February, 2001.

COAST BANK OF FLORIDA

By: Gerald L. Anthony
Gerald L. Anthony, President and CEO

Tallahassee, Florida

The foregoing amendment is hereby approved this 2nd day of

March, 2001.

Dwight L. Milligan
Comptroller of Florida and Head
of the Department of Banking and
Finance

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
COAST BANK OF FLORIDA

01 MAR 16 PM 4:08

Pursuant to Sections 607.0602 and 607.1002
of the Florida Business Corporation Act

*7% Series A Non-Cumulative
Convertible Perpetual Preferred Stock*

Pursuant to the authority conferred upon the Board of Directors of COAST BANK OF FLORIDA, a Florida state-chartered bank (the "Bank"), by its Articles of Incorporation, as amended (the "Articles of Incorporation"), and Sections 658.30, 607.0602, and 607.1002 of the Florida Statutes, the Board of Directors of the Bank (the "Board of Directors") adopts the following Articles of Amendment to its Articles of Incorporation ("Articles of Amendment"):

ARTICLE I
Name

The name of the Bank is Coast Bank of Florida.

ARTICLE II
Amendment

Article III of the Bank's Articles of Incorporation is hereby amended pursuant to the authority conferred on the Board of Directors by Article III of the Articles of Incorporation to create, authorize, and provide for issuance of a series of Preferred Stock, \$1.00 par value per share, of the Bank, consisting of 545,000 shares, and hereby fixes the voting powers, designations, preferences, and relative, participating, optional and other special rights, and qualifications, limitations, and restrictions thereof, of the shares of such series, in addition to those set forth in the Articles of Incorporation, as follows:

Section 1. Designation, Amount, and Rank.

1.1 **Designation and Amount.** The shares of the series of Preferred Stock created and authorized hereby shall be designated "7% Series A Non-Cumulative Convertible Perpetual Preferred Stock" (the "Series A Preferred Stock") and the total number of authorized shares constituting the Series A Preferred Stock initially shall be 545,000. The number of shares constituting this series of Preferred Stock of the Bank may be increased or decreased at any time, from time to time, in accordance with applicable law up to the maximum number of

shares of Preferred Stock authorized under the Articles of Incorporation, less all shares at the time authorized of any other series of Preferred Stock of the Bank; provided, however, that no decrease shall reduce the number of shares of this series to a number less than that of the then-outstanding shares of Series A Preferred Stock. Shares of the Series A Preferred Stock shall be dated the date of issue.

1.2 **Stated Value Per Share.** The stated value per share of Series A Preferred Stock shall be \$11.00 ("Stated Value Per Share").

Section 2. Dividend Rights.

2.1 **Right to Receive Dividends.** The holders of shares of Series A Preferred Stock shall be entitled to receive, when, as, and if declared by the Board of Directors, out of funds legally available therefor, non-cumulative cash dividends.

2.2 Non-Cumulative Dividends and Dividend Rate.

(a) Dividends on the shares of Series A Preferred Stock shall be non-cumulative; therefore, if a dividend on the shares of the Series A Preferred Stock with respect to any Dividend Period (as defined below) is not declared by the Board of Directors, the Bank shall have no obligation at any time to pay a dividend on the shares of the Series A Preferred Stock in respect of such Dividend Period. The Bank shall have no obligation to declare or pay any dividend on the shares of Series A Preferred Stock even if it has the legal capacity to do so.

(b) Subject to adjustment as provided in Section 2.2(c) hereof, the dividend rate on each share of Series A Preferred Stock shall be at an annual rate equal 7% of the Stated Value Per Share ("Dividend Rate") for each share then-outstanding, calculated on the basis of a 360-day year consisting of twelve 30-day months, payable quarterly in arrears in equal installments on the first day of January, April, July, and October of each year (each, a "Dividend Payment Date") to holders of record as they appear on the books of the Bank on such date as may be determined by the Board of Directors in advance of the payment of a particular dividend hereunder (a "Record Date"). Each period beginning on a Dividend Payment Date and ending on the next succeeding Dividend Payment Date shall be a "Dividend Period."

(c) In the event that each of the following obligations are not satisfied, then, commencing with the Dividend Period beginning on July 1, 2004, the annual Dividend Rate on each share of Series A Preferred Stock shall increase by an amount equal to 0.25% of the Stated Value Per Share for each such Dividend Period (inclusive of the Dividend Period beginning on July 1, 2004), that such obligations remain unsatisfied up to a maximum annual Dividend Rate of 9% of Stated Value Per Share:

- (i) the Bank shall form a bank holding company ("Bank Holding")

Company") under the Bank Holding Company Act of 1956, as amended, for the purpose of owning the Bank and such formation and ownership shall have been approved by all necessary corporate action, including all required stockholder approvals;

(ii) the Bank Holding Company shall file a registration statement with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), on or before December 31, 2003 for a firm commitment underwritten offering of its common shares, which offering shall yield gross offering proceeds of at least \$7 million (a "Qualified Public Offering"); and

(iii) such registration statement shall be declared effective under the Securities Act and the Qualified Public Offering shall close on or before April 30, 2004.

(d) The Record Date established for the payment of any dividends on the Series A Preferred Stock shall not be more than sixty (60) day, nor less than ten (10) days before the relevant Dividend Payment Date. No Record Date shall precede the date of the resolution fixing such Record Date.

2.3 Dividends or Certain Other Distributions on Common Stock or Other Junior Securities.

(a) While any shares of Series A Preferred Stock are outstanding, in respect of any Dividend Period, no dividend (other than a dividend paid in Common Stock or other capital stock of the Bank ranking junior to the Series A Preferred Stock as to dividends and upon liquidation of the Bank) shall be declared, paid, or set aside for payment on any Preferred Stock which are junior to this Series A Preferred Stock as to dividends, unless, (i) with respect to any series of Preferred Stock that at the time pays dividends on a periodic basis other than on a quarterly basis, full dividends on all outstanding shares of this Series A Preferred Stock for the then-current Dividend Period shall have been declared and paid in full or contemporaneously are declared and a sum of money sufficient for payment have been set aside therefor, and (ii) with respect to any series of Preferred Stock that at the time pays dividends on a periodic basis other than a quarterly basis, full dividends on all outstanding shares of this Series A Preferred Stock for the immediately preceding Dividend Period have been declared and paid. Holders of the shares of Series A Preferred Stock shall not be entitled to any dividends, whether payable in cash, stock, or other securities, in excess of the non-cumulative dividends declared by the Board of Directors as set forth in this Section 2.

(b) While any shares of Series A Preferred Stock are outstanding, if full dividends on all outstanding shares of this Series A Preferred Stock at the rate set out in Section 2.2 hereof shall not have been declared and paid or set aside for a payment for the immediately preceding Dividend Period, the Bank shall not, until

full dividends have been paid or set aside for payment on all outstanding shares of this Series A Preferred Stock for a subsequent Dividend Period, (i) declare or pay or set aside for payment any dividends (other than a dividend paid in Common Stock or in any other capital stock of the Bank ranking junior to this Series A Preferred Stock as to dividends and upon liquidation of the Bank), or make any other distribution on the Common Stock or any stock of the Bank ranking junior to, or on a parity with, shares of this Series A Preferred Stock with respect to the payment of dividends or upon liquidation of the Bank, or (ii) make any payment or distribution on the account of the redemption, purchase, retirement, or other acquisition, directly or indirectly, by the Bank for any consideration, of any shares of Common Stock or such other capital stock ranking junior to, or on a parity with, this Series A Preferred Stock as to dividends or upon liquidation of the Bank, or pay or make available monies for the account of, or set aside payment for, a sinking or similar fund for such purposes, except by conversion into or in exchange for shares of Common Stock or such other capital stock ranking junior to this Series A Preferred Stock as to dividends and upon liquidation of the Bank.

Section 3. Liquidation Rights.

3.1 Payment Upon Liquidation. In the event of any liquidation, dissolution, or winding up of the affairs of the Bank, whether voluntary or involuntary (a "Liquidation Event"), the holders of the shares of this Series A Preferred Stock then outstanding shall be entitled to receive out of the assets of the Bank, or the proceeds thereof, legally available for distribution to its shareholders (whether representing capital or surplus), subject to the rights of any other class of stock of the Bank which ranks senior to the Series A Preferred Stock as to distribution of assets in a Liquidation Event ("Senior Securities"), but before any payment or distribution shall be made on the Common Stock or any other class of capital stock of the Bank ranking junior to this Series A Preferred Stock upon a Liquidation Event ("Junior Securities"), a liquidation distribution in the amount of \$11.00 per share of this Series A Preferred Stock (the "Liquidation Preference"), plus an amount equal to all declared but unpaid dividends thereon for the period from and including the first day of the then-current Dividend Period to the date fixed for such liquidation distribution to such holders pursuant to such Liquidation Event (without accumulation of accrued and unpaid dividends for prior Dividend Periods). After payment of the full amount of such Liquidation Preference, the holders of this Series A Preferred Stock shall not be entitled to any further participation in any distribution of assets of the Bank.

3.2 Insufficient Assets. If, upon any Liquidation Event, the assets of the Bank, or the proceeds thereof, available for distribution among the holders of the shares of this Series A Preferred Stock and the holders of shares of all other capital stock of the Bank ranking *pari passu* with the Series A Preferred Stock as to distributions on liquidation ("Parity Securities"), shall be insufficient to pay in full the Liquidation Preference and liquidation payments on all such other Parity Securities, then all of the assets available, or the proceeds thereof, after payment of

any Senior Securities, shall be distributed among the holders of the Series A Preferred Stock and the holders of the Parity Securities ratably in accordance with the respective amounts which would be payable on such shares of this Series A Preferred Stock if all amounts thereon were paid in full (which, in the case of such other Parity Securities, may include accumulated dividends, if applicable).

3.3 Payments on Capital Stock Ranking Junior. In the event of any Liquidation Event, unless and until payment in full is made to the holders of all Series A Preferred Stock then-outstanding of the Liquidation Preference and any declared and unpaid dividends to which they are entitled pursuant to Section 3.1 hereof, no dividend or other distribution shall be made to the holders of the Common Stock or the Junior Securities, and no payment or distribution shall be made on the account of any redemption, purchase, retirement, or other acquisition, directly or indirectly, by the Bank for any consideration, of any shares of Common Stock or any Junior Securities.

3.4 Definition. Neither the consolidation, merger, or other business combination of the Bank into or with another bank, corporation, or other entity, nor the sale, conveyance, lease, exchange, or transfer of all or substantially all of the property or assets of the Bank for cash, securities, or other consideration, or the distribution to shareholders of the Bank of all or substantially all of the consideration for such sale (unless such consideration, apart from the assumption of liabilities, or the net proceeds thereof consists substantially entirely of cash), shall be deemed to be a Liquidation Event.

Section 4. Redemption Rights.

4.1 Optional Redemption. The Bank, at its option, may redeem the outstanding shares of Series A Preferred Stock, in whole or in part, as follows:

(a) at any time following the issuance of the shares of Series A Preferred Stock but on or before December 31, 2005 ("Initial Redemption Period"), at a redemption price per share equal to 104% of the then-existing Conversion Price (defined in Section 6.1 below) plus any declared but unpaid dividends thereon for the period from and including the first date of the then-current Dividend Period to the date fixed for redemption (without the accumulation of any unpaid dividends for any prior Dividend Periods); provided, however, that the Bank may redeem the Series A Preferred Stock during the Initial Redemption Period only if: (A) the Common Stock is listed on a principal national securities exchange or quoted on NASDAQ (whether on the Nasdaq National Market or in the over-the-counter market), and (B) the Common Stock has a per share closing sales or bid price, as the case may be, on the principal national securities exchange or the Nasdaq market on which the Common Stock is listed or quoted, as reported by the *Wall Street Journal* or furnished by Nasdaq (or, if not so reported or furnished, any other authoritative source selected by the Bank), which

equals or exceeds 140% of the then-existing Conversion Price for the twenty (20) consecutive trading days prior to any such redemption.

(b) at any time after December 31, 2005, at the redemption price per share set forth below:

(i) From January 1, 2006 through December 31, 2006, at a redemption price equal to 103.25% of the then-existing Conversion Price,

(ii) From January 1, 2007 through December 31, 2007, at a redemption price equal to 102.50% of the then existing Conversion Price,

(iii) From January 1, 2008 through December 31, 2008, at a redemption price equal to 101.75% of the then-existing Conversion Price,

(iv) From January 1, 2009 through December 31, 2009, at a redemption price equal to 101.00% of the then-existing Conversion Price, and

(v) thereafter, at a redemption price equal to 100.00% of the then-existing Conversion Price;

In each case, plus declared but unpaid dividends thereon for the period from and including the first date of the then-current Dividend Period to the date fixed for redemption (without the accumulation of any unpaid dividends for any prior Dividend Periods).

4.2 Condition to Redemption. Notwithstanding Section 4.1 hereof, if, for the then-current Dividend Period, full dividends declared on the Series A Preferred Stock and full dividends, including any accumulated dividends, on the shares of all other Preferred Stock of the Bank of any series ranking on a parity with or senior to the Series A Preferred Stock as to dividends have not been paid or contemporaneously declared and paid, no shares of this Series A Preferred Stock shall be redeemed pursuant to Section 4.1 hereof unless all outstanding shares of this Series A Preferred Stock and all outstanding shares of all such other series of Preferred Stock are simultaneously redeemed; provided, however, that the foregoing will not prevent the purchase or acquisition of shares of this Series A Preferred Stock or shares of such other series of Preferred Stock by conversion into or exchange for shares of the Bank ranking junior to the shares of this Series A Preferred Stock and the shares of such other series of Preferred Stock as to dividends and upon liquidation.

4.3 Redemption Procedures.

(a) Partial Redemption. With respect to any redemption pursuant to this Section 4, in the event that fewer than all issued and outstanding shares of Series A Preferred Stock are to be redeemed, the number of shares to be redeemed shall be determined by the Board of Directors and the Board of Directors, in its sole discretion, shall select the shares to be redeemed. Upon surrender of any certificate of Series A Preferred Stock that is redeemed in part, the Bank shall deliver or cause to be delivered, without cost to the holder thereof, a new certificate representing the shares that are not being redeemed.

(b) Notice of Redemption. In the event that the Bank shall redeem shares of this Series A Preferred Stock, the Bank shall give notice of such redemption (a "Notice of Redemption") by first class mail, postage prepaid not less than fifteen (15) days nor more than sixty (60) days prior to the date of redemption ("Redemption Date") to each holder of record of the shares of Series A Preferred Stock to be redeemed, at such holder's address as it appears on the stock register of the Bank. Each Notice of Redemption shall specify: (i) the Redemption Date; (ii) the total number of shares of the Series A Preferred Stock to be redeemed from such holder; (iii) the redemption price to be paid as determined in accordance with Section 4.1 hereof (specifying the amount of any declared but unpaid dividends to be included therein); (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue upon such redemption. No defect in the Notice of Redemption or in the mailing thereof or the publishing of its contents shall affect the validity of the redemption proceedings.

(c) Payment of Redemption Price.

(i) On or after the Redemption Date, each holder of shares of this Series A Preferred Stock that were called for redemption shall surrender the certificate or certificates, if such shares are held at the time of redemption by such holder, evidencing such shares to the Bank at any place designated for such surrender in the Notice of Redemption. Upon surrender in accordance with the Notice of Redemption of the certificates representing the shares of Series A Preferred Stock so redeemed (properly endorsed or assigned for transfer, if required by the Board of Directors and so stated in the Notice of Redemption), such holder of the shares of Series A Preferred Stock being redeemed shall then be entitled to receive payment of the redemption price for each share so redeemed.

(ii) On the Redemption Date, the Bank shall, and at any time after the Notice of Redemption shall have been mailed and before the Redemption Date, the Bank may, deposit for the pro rata benefit of the holders of the Series A Preferred Stock called for redemption pursuant to this Section 4 the funds necessary for such redemption with a bank or trust

company (but not the Bank or any of its affiliates) having a capital and surplus of at least \$25 million. Any money so deposited by the Bank and unclaimed at the end of two years from the Redemption Date shall revert to the general corporate funds of the Bank. After such reversion, upon demand, such bank or trust company shall pay over to the Bank such unclaimed amounts and thereupon such bank or trust company shall be relieved of all responsibility in respect thereof to such holders and such holders shall look only to the Bank for payment of the redemption price. Any interest accrued on funds so deposited pursuant to this Section 4.3(c)(ii) shall be paid from time to time to the Bank for its own account.

(d) Termination of Stockholder Rights. If a Notice of Redemption shall have been given, then upon the date of the deposit referenced in Section 4.3(c)(ii) hereof all rights of the holders of those shares of Series A Preferred Stock called for redemption shall cease (except the right to receive the redemption price against delivery of such shares, if the shares are held at the time of redemption by such holder, but without interest), whether or not the certificates therefor have been surrendered, and such shares will cease to be outstanding. No shares of Series A Preferred Stock that is redeemed is entitled to any dividends payable on a Dividend Payment Date following after the Redemption Date, regardless of when such dividend was declared.

Section 5. Voting Rights.

5.1 General. Except as otherwise expressly provided herein or required by law, the shares of Series A Preferred Stock shall be voted with the shares of the Common Stock at any annual or special meeting of stockholders of the Bank, or the holders of such shares of the Series A Preferred Stock may act by written consent in the same manner as holders of the Common Stock, upon the following basis: Each holder of shares of Series A Preferred Stock shall be entitled to such number of votes for each Series A Preferred Stock held by such holder on the record date fixed for such meeting, or on the effective date of such written consent, as shall be equal to the largest number of whole shares of the Common Stock into which all of such holder's shares of Series A Preferred Stock are convertible immediately after the close of business on the record date fixed for such meeting or the effective date of such written consent.

5.2 Limited Voting Rights.

(a) Notwithstanding any other provision hereof, none of the following actions may be taken by the Bank or any of its subsidiaries and its parent, if any, without the approval by vote or written consent of the holders of a majority of all issued and outstanding shares of Series A Preferred Stock:

- (i) any amendment, restatement, or modification of the

Articles of Incorporation, Bylaws, or other governance documents which is reasonably likely to have a material adverse affect on the rights of the holders of Series A Preferred Stock; or

(ii) the authorization or issuance of any Senior Securities or Parity Securities.

(b) For purposes of Section 5.2(a) hereof, the following amendments, modifications, or revisions to the Articles of Incorporation or bylaws of the Bank, among others, shall not require the separate consent or approval of the holders of the Series A Preferred Stock: (i) an amendment to the Articles of Incorporation which increases or decreases the number of authorized shares of Common Stock; and (ii) the adoption and filing of any future Articles of Amendment to the Articles of Incorporation creating any such additional classes or series of Preferred Stock which may rank junior to the Series A Preferred Stock as to dividends and the distribution of assets in liquidation, or which may be designated additional rights, preferences, or privileges not granted to, or which may rank junior in right to, the Series A Preferred Stock. Each of the actions identified in this Section 5.2(b) among others, shall be deemed not to adversely affect the rights, preferences, or privileges of the Series A Preferred Stock.

(c) An amendment to the Articles of Incorporation which would increase or decrease the aggregate number of authorized shares of the Preferred Stock of the Bank shall require the approval or consent of a majority of the outstanding Common Stock and Preferred Stock, voting together as a single class.

Section 6. Conversion Rights.

6.1 Conversion of Series A Preferred Stock into Common Stock. At any time and from time to time after the issuance of the Series A Preferred Stock, any holder thereof may convert any or all of the shares of Series A Preferred Stock held by such holder into that number of shares of Common Stock as determined by dividing the Stated Value Per Share by the Conversion Price (as defined below) in effect at the time of conversion. If the Bank calls any shares of the Series A Preferred Stock for redemption, the right of conversion with respect to such Series A Preferred Stock called for redemption shall cease and terminate at the close of business on the Redemption Date (unless the Bank defaults in the payment of the redemption price). The "Conversion Price" shall initially be \$11.00 per share, and the Conversion Price shall be subject to adjustment from time to time as herein provided.

6.2 Mechanics of Conversion.

(a) Notice and Surrender of Certificates. Any holder of shares of Series

A Preferred Stock desiring to convert any portion thereof into shares of Common Stock may exercise the conversion rights specified in this Section 6 by surrendering to the Bank at the principal business office of the Bank or to any transfer agent of the Bank the certificate or certificates representing the Series A Preferred Stock to be converted, duly endorsed in favor of the Bank or in blank accompanied by proper instruments of transfer, accompanied by a written notice to the Bank stating that the holder elects to convert all or a specified portion of the Series A Preferred Stock represented thereby (the "Conversion Notice"). The Conversion Notice shall set forth the name or names (with the address or addresses) in which the certificate or certificates for shares of the Common Stock shall be issued. Each conversion of the Series A Preferred Stock will be at the Conversion Price in effect at the close of business on the day that all conditions in this Section 6.2(a) have been satisfied.

(b) Delivery of Common Stock Certificates. As soon as practicable after receipt of the Conversion Notice and surrender of the certificate or certificates for the shares of Series A Preferred Stock to be converted, the Bank shall issue and deliver, or cause to be issued and delivered, to the converting holder: (i) a certificate or certificates representing the number of whole shares of Common Stock issuable by reason of such conversion, registered in such name or names and such denominations as the converting holder has specified, subject to compliance with applicable laws to the extent such designation shall involve a transfer, and (ii) a certificate representing any shares of Series A Preferred Stock which were represented by the certificate or certificates surrendered to the Bank in connection with such conversion but which were not converted.

(c) Effective Time of Conversion. To the extent permitted by law, the conversion of the Series A Preferred Stock pursuant to this Section 6.2 into shares of Common Stock shall be deemed to have been effected immediately prior to the close of business on the date that all the conditions in Section 6.2(a) hereof have been satisfied, and at such time the rights of the holder of such shares of Series A Preferred Stock so converted shall cease, and the person or persons in whose name any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares of Common Stock represented thereby. Except as otherwise provided herein, no payment or adjustment shall be made in respect of the Common Stock delivered upon conversion of the Series A Preferred Stock.

6.3 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Series A Preferred Stock. If more than one share of Series A Preferred Stock shall be surrendered for conversion at any one time by the same holder, the number of which shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series A Preferred Stock so surrendered. If any fractional interest in a share of Common Stock would result from the conversion of the Series A Preferred Stock surrendered for conversion, in lieu of issuing fractional shares the Bank shall pay a cash adjustment in respect of such fractional interest in an amount equal to

that fractional interest of the Current Market Price (defined in Section 6.4(e) hereof) on the Business Day next preceding the effective time of conversion.

6.4 Adjustments to Conversion Price. The applicable Conversion Price for the Series A Preferred Stock shall be subject to adjustment from time to time as follows:

(a) Dividends, Subdivisions or Combination of Common Stock. In case the Bank shall at any time: (i) pay a dividend or makes a distribution on its Common Stock in shares of Common Stock, (ii) subdivides (by stock split, recapitalization, or otherwise) its outstanding shares of Common Stock into a greater number of shares, or (iii) combines (by reverse stock split, reclassification, or otherwise) its outstanding shares of Common Stock into a smaller number of shares; then the Conversion Price in effect immediately prior to such event shall be proportionately adjusted immediately thereafter so that the holder of any shares of the Series A Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock which it would have been entitled to receive after the happening of such event had the Series A Preferred Stock been converted immediately prior to the happening of such event. An adjustment made pursuant to this Section 6.4(a) shall become effective immediately after the record date in the case of a dividend or a distribution and shall become effective on the effective date in the case of a subdivision, combination, or reclassification. If any dividend or distribution is not paid or made, the Conversion Price then in effect shall be appropriately readjusted. Such adjustment shall be made successively whenever any of the events referred in this Section 6.4(a) occur.

(b) Certain Dividends and Distributions on Common Stock. In the event that the Bank shall pay or make a dividend or other distribution on its Common Stock to all holders of the Common Stock as a class, payable in securities, evidences of indebtedness, assets, or other property (excluding cash dividends or distributions of cash payable from retained earnings of the Corporation, dividends payable in Common Stock, and any dividends or distributions referred to in Section 6.4(a) hereof, but including, without limitation, shares of any other class of the Corporation's capital stock or securities convertible into or exchangeable for Common Stock or any other class of the Bank's capital stock), then, and in each such case, the Conversion Price shall be reduced so that it will equal the amount determined by multiplying: (i) the Conversion Price in effect immediately prior to the record date for the distribution by (ii) a fraction of which (x) the numerator is the Current Market Price of one share of Common Stock on the record date for the distribution, less the then fair market value (as determined by the Board of Directors, whose determination, if made in good faith, will be conclusive) of the capital stock, evidence of indebtedness, assets, or other property which are distributed with respect to one share of Common Stock and (y) the denominator is the Current Market Price of one share of Common Stock on that record date. Such adjustment shall be made successively whenever such distribution is made, and shall be effective immediately after the record date for the determination of the

stockholders entitled to receive the distribution. If any such distribution is not made or if any or all such convertible or exchangeable securities should expire or terminate without having been exercised, the Conversion Price then in effect shall be appropriately readjusted.

(c) Merger or Consolidation. If there is a reorganization, or a merger or consolidation of the Bank with or into any other entity which results in a conversion, exchange, or cancellation of the Common Stock, or a sale of all or substantially all of the assets of the Bank, on a consolidated basis (except for sales or dispositions to a parent, including a Bank Holding Company, or a wholly-owned subsidiary of the Bank), upon any subsequent conversion of the Series A Preferred Stock, each holder of the Series A Preferred Stock then-outstanding shall have the right thereafter to convert the shares of Series A Preferred Stock held by the holder into the kind and amount of securities, cash, and other property or assets which the holder would have received if the holder had converted the shares of Series A Preferred Stock into Common Stock in accordance with Section 6 hereof immediately prior to the first of these events and had retained all the securities, cash, and other property or assets received as a result of those events.

(d) Adjustments for Certain Diluting Issues.

(i) If, at any time prior to March 16, 2002, the Bank shall issue or sell, or is deemed to have issued or sold under Section 6.4(d) hereof, Common Stock for a consideration per share which is less than the Conversion Price in effect on the date of and immediately prior to such issuance (a "Diluting Issue"), then in each such case the Conversion Price in effect immediately prior to the Diluting Issue shall be reduced to the price at which the Bank issued or sold, or is deemed to have issued or sold, Common Stock issued in the Diluting Issue.

(ii) Notwithstanding anything to the contrary herein, the provisions of this Section 6.4(d) shall not apply to: (A) shares of Common Stock issued or issuable upon conversion of the Series A Preferred Stock, (B) shares of Common Stock issued or issuable upon the exercise of any Options or Convertible Securities (each as defined in Section 6.4(d)(iii)(A) hereof) outstanding on the date that the first share of Series A Preferred Stock is issued by the Bank, (C) securities issued or issuable upon the exercise of Options granted to employees, consultants, advisors, officers, or directors of the Bank, its subsidiaries, and any parent (including the Bank Holding Company), under any stock option plan, stock purchase plan, restricted stock plan or agreement, or other equity-based incentive plan or agreement in an amount and under terms approved by the Board of Directors or an authorized committee thereof, (D) securities offered to the public pursuant to a registration statement declared effective under the Securities Act, including a Qualified Public Offering, (E) stock, Options, or equipment leasing or bank financing arrangements or strategic alliances approved by the Board of Directors, or (F) any of the types of

transfer specifically subject to adjustment under Section 6.4(a), (b), and (c) hereof.

(iii) For purposes of this Section 6.4(d) and except as otherwise provided in Section 6.4(d)(ii), the following also shall be applicable:

(A) Issuance of Rights or Options. In case at any time after the date hereof, but before March 16, 2002, the Bank shall in any manner grant any warrants or other rights to subscribe for or to purchase, or any options for the purchase of, Common Stock or any stock or securities convertible into or exchangeable for Common Stock (such warrants, rights or options being called "*Options*" and such convertible or exchangeable shares or securities being called "*Convertible Securities*") whether or not such Options or the right to convert or exchange any such Convertible Securities are immediately exercisable, and the price per share for which Common Stock are issuable upon the exercise of such Options or upon the conversion or exchange of such Convertible Securities (determined by dividing (x) the total amount, if any, received or receivable by the Bank as consideration for the granting of such Options, plus the minimum aggregate amount of additional consideration payable to the Bank upon the exercise of all such Options, plus, in the case of such Options which relate to Convertible Securities, the minimum aggregate amount of additional consideration, if any, payable upon the issue or sale of such Convertible Securities and upon the conversion or exchange thereof, by (y) the total maximum number of shares of Common Stock issuable upon the exercise of all such Options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such Options) shall be less than the applicable Conversion Price in effect immediately prior to the time of the granting of such Options or Convertible Securities, then the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon conversion or exchange of the total maximum amount of such Convertible Securities issuable upon the exercise of such Options shall be deemed to have been issued for such price per share as of the date of granting of such Options or the issuance of such Convertible Securities and thereafter shall be deemed to be outstanding. Except as otherwise provided in 6.4(d)(iii)(C), no further adjustment of the applicable Conversion Price shall be made upon the actual issue of such Common Stock or of such Convertible Securities upon exercise of such Options or upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Securities.

(B) Issuance of Convertible Securities. In case the Bank shall in any manner issue or sell any Convertible Securities, whether or not the rights to exchange or convert any such Convertible Securities are immediately exercisable, and the price per share for which Common Stock is issuable upon such conversion or exchange (determined by dividing (x) the total amount received or receivable by the Bank as consideration for the issue or sale of such Convertible Securities, plus the minimum aggregate amount of additional

consideration, if any, payable to the Bank upon the conversion or exchange thereof, by (y) the total maximum number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities) shall be less than the applicable Conversion Price in effect immediately prior to the time of such issue or sale, then the total maximum number of shares of Common Stock issuable upon conversion or exchange of all such Convertible Securities shall be deemed to have been issued for such price per share as of the date of the issue or sale of such Convertible Securities and thereafter shall be deemed to be outstanding; provided, however, that, except as otherwise provided in Section 6.4(d)(iii)(C): (I) no further adjustments of the applicable Conversion Price shall be made upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Securities, and (II) if any such issue or sale of such Convertible Securities is made upon exercise of any Options to purchase any such Convertible Securities for which adjustments of any Conversion Price have been or are to be made pursuant to other provisions of this Section 6.4(d), no further adjustment of such Conversion Price shall be made by reason of such issue or sale.

(C) Change in Option Price or Conversion Rate. Upon the happening of any of the following events, namely, if the purchase price provided for in any Option referred to in Section 6.4(d)(iii)(A), the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities referred to in Section 6.4(d)(iii)(A) or (B), or the rate at which Convertible Securities referred to in 6.4(d)(iii)(A) or (B) are convertible into or exchangeable for Common Stock shall change at any time (other than changes under or by reason of provisions designed to protect against dilution), the applicable Conversion Price at the time of such event shall forthwith be readjusted to the Conversion Price which would have been in effect at such time had such Options or Convertible Securities still outstanding provided for such changed purchase price, additional consideration or conversion rate, as the case may be, at the time initially granted, issued or sold, but only if as a result of such adjustment the Conversion Price then in effect hereunder are thereby reduced; provided, however, that on the expiration of any Option or the termination of any right to convert or exchange such Convertible Securities, the applicable Conversion Price which would have been in effect at the time of such expiration or termination had (x) such Option or Convertible Securities, to the extent outstanding immediately prior to such expiration or termination, never been issued and (y) any adjustments in the applicable Conversion Price not therefore made because of the price adjustment for the issue of such Option or Convertible Security been made.

(D) Share Dividends. In case the Bank shall declare a dividend or make any other distribution upon any shares of the Bank payable in Common Stock (except for dividends or distributions upon the shares of Common Stock), Options, or Convertible Securities, any Common Stock, Options, or Convertible Securities, as the case may be, issuable in payment of

such dividend or distribution shall be deemed to have been issued or sold at a consideration equal to \$.01 per share.

(E) Consideration for Shares. In case any Common Stock, Options, or Convertible Securities shall be issued or sold for cash, the consideration received therefor shall be deemed to be the amount received by the Bank therefor, without deduction therefrom of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Bank in connection therewith. In case any shares of Common Stock, Options, or Convertible Securities shall be issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Bank shall be deemed to be the fair value of such consideration as determined in good faith by the Board of Directors, without deduction of any expenses incurred or any underwriting commission or concessions paid or allowed by the Bank in connection therewith. In case any Options shall be issued in connection with the issue and sale of other securities of the Bank, together comprising one integral transaction in which no specific consideration is allocated to such Options by the parties thereto, such Options shall be deemed to have been issued for such consideration as determined in good faith by the Board of Directors.

(F) Record Date. In case the Bank shall take record of the holders of its Common Stock for the purpose of entitling them (a) to receive a dividend or other distribution payable in Common Stock, Options, or Convertible Securities, or (b) to subscribe for or purchase Common Stock, Options, or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(e) Certain Definitions.

(i) The term "Current Market Price" at any date shall mean: (A) the closing price of a share of Common Stock on the principal national securities exchange (including the Nasdaq National Market) on which the Common Stock is then listed or admitted to trading as reported in the *Wall Street Journal*-(or if not reported thereby, any other authoritative source selected by the Bank), or (B) if the Common Stock is not listed or admitted to trading on a national securities exchange, the average of the bid and asked prices in the over-the-counter market as furnished by Nasdaq or the principal automated quotation system on which such information is reported (or any other authoritative source selected by the Bank), or (C) if there is no public market for Common Stock, the fair market value of the Common Stock as determined by the Board of Directors.

(ii) The term "Business Day" means any day other than a Saturday, Sunday, or other day on which the commercial banks in the State of Florida are authorized or required by law or executive order to close.

(f) De Minimis Adjustments. No adjustment in the Conversion Price shall be required under this Section 6.4 unless the adjustment would require a decrease of at least one percent (1%) in, or an increase of, the Conversion Price then in effect; provided, however, that any adjustments that by reason of this Section 6.4(f) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 6 shall be made to the nearest cent.

6.5. Notices.

(a) Notice of Conversion Price Adjustments. Whenever the Conversion Price shall be adjusted pursuant to the provisions of Section 6.4, the Bank shall file at the principal office of the Bank a statement showing in detail (i) adjusted Conversion Price, (ii) a description of the events which caused the adjustment, (iii) a description of the method of calculation of the adjustment, and (iv) the date on which the adjustments become effective, and the Bank also shall cause a copy of such statement to be delivered to each holder of the then-outstanding Series A Preferred Stock.

(b) Other Notices. If any of the following shall occur:

(i) the Bank shall authorize the granting to all holders of its Common Stock of rights, warrants, or Options to subscribe for or purchase any securities or any other similar rights;

(ii) any reorganization, reclassification, or similar change of the Common Stock, (other than a subdivision or combination of its Common Stock);

(iii) the voluntary or involuntary dissolution, liquidation, or winding-up by the Bank, or any dividend or distribution to holders of the Common Stock; or

(iv) any other event described in Section 6.4(d) hereof;

then, and in any such case, the Bank shall cause to be delivered to each holder of record of the Series A Preferred Stock at the address of such holder as shown on the stock ledger or transfer books of the Bank, at least twenty (20) days prior to any record date or the date set for definitive action, a notice of the date on which the books of the Bank will close or a record shall be taken for such dividend, distribution, or subscription rights, or such reorganization, dissolution, liquidation or winding-up, or other

transaction shall take place, as the case may be.

6.6 Reservation of Shares of Common Stock.

(a) At all times so long as any shares of Series A Preferred Stock remaining outstanding, the Bank shall reserve and keep available out of its treasury stock or its authorized but unissued shares of Common Stock, or both, solely for the purpose of effecting the conversion of the shares of Series A Preferred Stock, sufficient shares of Common Stock to provide for a conversion of all outstanding shares of Series A Preferred Stock not theretofore converted. For purposes of this Section 6.6, the number of shares of Common Stock which shall be deliverable upon conversion of all of the outstanding shares of Series A Preferred Stock shall be computed as if, at the time of such computation, all of the outstanding shares were held by a single holder. The Bank shall from time to time, in accordance with the laws of the State of Florida, increase the authorized amount of Common Stock if at any time the number of shares of Common Stock remaining unissued shall not be sufficient to permit the conversion of the then-outstanding shares of the Series A Preferred Stock.

(b) Before taking any action which would cause an adjustment to the Conversion Price to a price below the then par value of the shares of the Common Stock deliverable upon conversion of the Series A Preferred Stock, the Bank will take any corporate action which may be necessary in order that the Bank may validly and legally issue fully paid and nonassessable shares of Common Stock at such adjusted Conversion Price.

6.7 Issue and Other Taxes. The issuance of certificates for Common Stock upon conversion of the Series A Preferred Stock shall be made without charge to the holders of the Series A Preferred Stock for any documentary stamp or similar issue or other taxes that may be payable in respect thereof or other cost incurred by the bank in connection with such conversion and the related issuance of Common Stock. The Bank, however, shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of any shares of Common Stock in a name other than that in which the shares of the Series A Preferred Stock so converted were registered and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Bank the amount of any such tax or has established, to the satisfaction of the Bank, that such tax has been paid.

6.8 Closing of Corporate Books. The Bank shall not close its books against the transfer of the Series A Preferred Stock or of any shares of Common Stock issued or issuable upon conversion of Series A Preferred Stock in any manner which interferes with the timely conversion of the Series A Preferred Stock.

Section 7. Status on Conversion or Redemption. Upon acquisition of shares of Series A Preferred Stock by reason of redemption, conversion, purchase,

exchange, or otherwise, such shares shall have the status of authorized and unissued shares of Preferred Stock, without designation as to series or class, and the number of shares of Preferred Stock which the Bank has the authority to issue shall not be decreased by such redemption, conversion, purchase, exchange, or other acquisition of shares of Series A Preferred Stock.

Section 8. Miscellaneous.

8.1 Observance of Terms. The Bank, whether by amendment of its Articles of Incorporation, or through any reorganization, transfer of assets, merger, Liquidation Event, issue or sale of securities or any other voluntary action, will not avoid or seek to avoid the observance or performance of any of the terms to be observed hereunder by the Bank, but at all times in good faith will assist in the carrying out of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Series A Preferred Stock against impairment.

8.2 Notices. Except as otherwise expressly provided herein, whenever a notice or other communication is required to be made, delivered, or otherwise given to holders of Series A Preferred Stock, the notice or other communication shall be deemed to be properly given if deposited into the United States Mail, postage prepaid, addressed to the person(s) shown on the books of the Bank as the holder(s) of the shares at the addresses as they appear on the books of the Bank, as of a record date or dates determined in accordance with the Certificate of Incorporation and Bylaws of the Bank, this Articles of Amendment, and applicable law, as in effect from time to time.

8.3 No Preemptive Rights. The holders of the Series A Preferred Stock will not have any preemptive right, in their capacity as such, to subscribe for or to purchase any shares or any other securities which may be issued by the Bank.

8.4 Limited Rights. Except as may be otherwise required by applicable law, the Series A Preferred Stock shall not have any designations, preferences, limitations, or relative rights, other than those specifically set forth in this Articles of Amendment.

8.5 Headings. The headings and various subdivisions in this Articles of Amendment are for convenience only and will not affect the meaning or interpretation of any of the provisions of this Articles of Amendment.

ARTICLE III Date of Adoption

The Articles of Amendment were adopted on the 14th day of March, 2001.

ARTICLE IV
Manner of Adoption

The Articles of Amendment were adopted by the Board of Directors, effective March 14, 2001, in an action taken by unanimous written consent in accordance with Sections 658.30 and 607.0821 of the Florida Statutes pursuant to the authority conferred on it by the stockholders of the Bank under Sections 658.30, 607.0602, and 607.1002 of the Florida Statutes. Accordingly, the Articles of Amendment have been authorized by all appropriate action under the Florida Statutes.

IN WITNESS WHEREOF, Coast Bank of Florida has caused these Articles of Amendment to be signed by Gerald L. Anthony, its President and Chief Executive Officer, on this 14th day of March, 2001.

COAST BANK OF FLORIDA

By: Gerald L. Anthony
Gerald L. Anthony, President and CEO

TALLAHASSEE, FLORIDA

The foregoing amendment is hereby approved this 16th day of March, 2001.

Dulinda L. Milligan
Comptroller of Florida and Head
of the Department of Banking and
Finance

EXHIBIT 2

List of Directors of Resulting Financial Institution

Name and Address

David W. Wilcox
309 13th Street West
Bradenton, Florida 34205

Gerald L. Anthony
2412 Cortez Road West
Bradenton, Florida 34207

C. Guy Batsel
1861 Plocida Road
Englewood, Florida 34223

Joseph Gigliotti
10504 US 41 North
Palmetto, Florida 34221

Kennedy Legler, III
2027 Manatee Avenue
Bradenton, Florida 34205

Thomas M. O'Brien
336 South Orichid Drive
Ellenton, Florida 34222

John R. Reinemeyer
2550 26th Street West
Bradenton, Florida 34205

Michael T. Ruffino
6210 Manatee Avenue West
Bradenton, Florida 34209

James K. Toomey
6425 28th Avenue East
Bradenton, Florida 34208

List of Executive Officers of Resulting Financial Institution

<u>Name and Address</u>	<u>Title</u>
Gerald L. Anthony 2412 Cortez Road West Bradenton, Florida 34207	President, and Chief Executive Officer
Philip W. Coon 2412 Cortez Road West Bradenton, Florida 34207	Senior Vice President/Residential Lending Manager
Kemper M. Hetzler 2412 Cortez Road West Bradenton, Florida 34207	Senior Vice President/Senior Lending Manager
Diane L. Minks 2412 Cortez Road West Bradenton, Florida 34207	Secretary
Brian Peters 2412 Cortez Road West Bradenton, Florida 34207	Chief Financial Officer

COAST BANK OF FLORIDA

CERTIFICATE OF SECRETARY OF SHAREHOLDER ACTION

The undersigned does hereby certify and acknowledge as to the following:

1. I am the Secretary of Coast Bank of Florida, a Florida state-chartered bank ("Coast Bank"), and as such I am authorized to give this certificate (the "Certificate").

2. A Consent Statement in Lieu of Special Meeting/Offering Circular dated March 26, 2003 was mailed to the stockholders of Coast Bank on March 28, 2003.

3. I collected and determined the validity of the consents delivered to Coast Bank, tabulated all consents, and verified the results of the stockholders' consents with respect to the approval of the Plan of Merger and Merger Agreement, dated December 11, 2002, by and among Coast Bank, Coast Financial Holdings, Inc., and Coast Interim Bank (the "Merger Agreement"), and the transactions contemplated thereby.

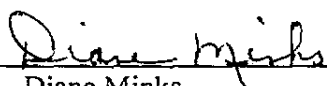
4. As of the record date (March 26, 2003), the total number of shares of capital stock of Coast Bank entitled to vote with respect to the approval of the Merger Agreement was 1,895,450, consisting of 1,350,450 shares of common stock, and 545,00 shares of 7% Series A Non-Cumulative Convertible Perpetual Preferred Stock which is currently convertible into 545,000 shares of common stock.

5. As of April 8, 2003, 1,168,338 shares of Coast Bank's capital stock were voted to approve and adopt the Merger Agreement, 3,750 shares of Coast Bank's capital stock were voted against approval, and 300 shares abstained.

6. The action for the approval and adoption of the Merger Agreement, which vote requires the affirmative vote of at least a majority of Coast Bank's outstanding capital stock, having received 1,168,338 votes cast FOR approval, or 61.64% of Coast Bank's outstanding capital stock, was declared by me to be duly approved and adopted by the stockholders of Coast Bank.

7. As of the date hereof, Coast Bank has not received a written notice from any stockholder that such stockholder dissents from the Merger Agreement and Merger.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the 9th day of April, 2003.

By: 
Diane Minks
Secretary

COAST FINANCIAL HOLDINGS, INC.

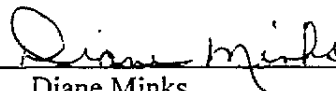
CERTIFICATE OF SECRETARY

The undersigned does hereby certify and acknowledge as to the following:

1. I am the Secretary of Coast Financial Holdings, Inc., a Florida corporation (the "Company"), and as such I am authorized to give this certificate (the "Certificate").

2. Pursuant to an Unanimous Written Consent of the Board of the Directors of the Company (the "Board") dated December 11, 2002, the Board, in its capacity as the proposed sole shareholder of Coast Interim Bank, approved and adopted the Plan of Merger and Merger Agreement, dated December 11, 2002, by and between Coast Bank of Florida, the Company, and Coast Interim Bank, and the transactions contemplated thereby

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the 9th day of April, 2003.

By: 
Diane Minks
Secretary