

OFFICE OF THRIFT SUPERVISION

Approval of Purchase of Assets and Assumption of Liabilities

Order No.: 95-88

Date: May 8, 1995

Mutual Federal Savings Bank, Somerset, Kentucky ("Mutual"), has applied to the Office of Thrift Supervision ("OTS"), pursuant to 18 U.S.C. § 1828(c) and 12 C.F.R. § 563-22 to acquire certain assets and assume certain liabilities of First Federal Savings Bank, Pineville, Kentucky ("First Federal"). The foregoing is referred to as the "Application".

After consummation of the proposed transaction described in the Application, First Federal will change its name to Security First Network Bank, FSB ("Security First"), and modify its business plan to provide certain financial services, as described in the business plan of January 31, 1995, through, among other things, the "Internet", a worldwide computer network in place to serve consumers as a public information sharing vehicle.

The OTS has considered the Application under the standards set forth under 12 U.S.C. § 1828(c) and 12 C.F.R. 5 563.22, and has determined that the proposed transaction would be in compliance with all of the standards and criteria therein. In addition, the OTS has determined that approval of the Application would be consistent with the Community Reinvestment Act ("CRA"). Accordingly, the Application is hereby approved, subject to the following conditions:

1. The proposed transaction shall 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 Central Regional Director, or his designee ("Regional Director");
2. Mutual and First Federal must receive all required regulatory and shareholder approvals prior to consummation of the proposed transaction with copies of all such approvals supplied to the Regional Director;
3. On the business day prior to the date of consummation of the proposed transaction, the chief executive officers of Mutual and First Federal shall certify, in writing, to the Regional Director that no material adverse events or material adverse changes have occurred with respect to the financial condition or operations of Mutual or First Federal, since the date of the financial statements submitted with the Application;
4. Not later than five (5) calendar days from the effective date of the proposed transaction, the Association shall file with the Regional Director a certification of legal counsel stating: (i) the effective date of the transaction and (ii) that the transaction was consummated in accordance with the provisions of all applicable laws and regulations, the Application and this approval Order;
5. Not later than 30 calendar days following the date of consummation, Mutual shall submit evidence that it has advised, in writing, to each accountholder whose withdrawable accounts in the mutual will exceed \$100,000 as a result of the transaction of the effect of the transaction on their deposit insurance coverage;
6. Any material deviation from Security First's business plan involving the Internet will require the prior written approval of the Regional Director;
7. Security First shall cause to be performed independent tests of the functionality and security of its operations prior and subsequent to initial implementation. Such tests shall be performed by independent computer-security specialists attempting to gain unauthorized and/or undetected access to its operations. Such tests shall

confirm, in writing, that Security First's computer system does not allow unauthorized or undetected access to customer accounts, with reasonable certainty. Such tests shall be for the purpose of confirming that Security First is engaging in safe and sound operations, shall be reasonable in scope, duration and expense, shall take into consideration recommendations of the independent computer-security specialists involved, and shall be subject to any standards or requirements of the Regional Director. Copies of the written opinions resulting from the Security First's computer-security audits shall be provided to the Regional Director within five (5) calendar days of their receipt by Security First;

8. Within six months from the date of consummation of the proposed transaction, Mutual and Security First shall provide a report to the Regional Director analyzing the distribution of their application and loan activity in relation to low and moderate income applicants, with an indication of the income distribution of their new loan products;
9. Within six months from the date of consummation of the proposed transaction, Mutual shall review its delineation in light of the guidelines provided in 12 C.F.R. 563e.3(b) and advise the Regional Director which of the allowable methods it has chosen to implement; and
10. The CRA committees of Mutual and Security First attempt to identify additional representatives of low and moderate income residents who may further the dialogue on the credit needs of these community members.

Any time period specified herein relating to the Application 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 his designee, effective May 8, 1995.

John F. Downey
Director of Supervision
