



Comptroller of the Currency
Administrator of National Banks

Central District Office
One Financial Place, Suite 2700
440 South LaSalle Street
Chicago, Illinois 60605

May 17, 2002

**Conditional Approval #532
June 2002**

Mr. Terry E. Forcht
200 South Kentucky Avenue
P.O. Drawer 1450
Corbin, Kentucky 40702

**Re: Charter Application for First National Bank of Lexington, Lexington, Kentucky
OCC Application Number: 02-CE-01-003**

Dear Mr. Forcht:

The Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of First National Bank of Lexington. On May 17, 2002, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary conditional approval.

This approval is granted based on a thorough review of all information available, including the representations and commitments made in the application and by the proposed bank's representatives. We also made our decision to grant preliminary conditional approval with the understanding that the proposed national bank will apply for membership in the Federal Reserve System and obtain FDIC insurance.

Until final approval is granted, the OCC has the right to alter, suspend, or revoke preliminary approval should any interim development be deemed by the OCC to warrant such action.

This approval is subject to the condition that the Bank: (i) shall give the Louisville Field Office at least sixty (60) days prior notice of the Bank's intent to significantly deviate from its business plan or operations unless such deviation is the subject of an application filed with the OCC for its prior approval, and (ii) shall obtain the OCC's written determination of no objection before the Bank engages in any significant deviation or change from its business plan or operations. This condition is enforceable under 12 U.S.C. § 1818. The Bank must also provide a copy of such notice to the FDIC's Memphis Regional Office during the first three years of operation.

Please refer to the "Corporate Organization" booklet (enclosed) in the *Comptroller's Corporate 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 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

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begin the business of banking until you fulfill all requirements for a bank in organization and you are granted final approval by the OCC.

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. Applicable standard requirements also must be satisfied before the bank will be allowed to commence business.

In addition to the procedural requirements for all new national banks, the following requirements must be satisfied prior to the bank's request for a preopening examination and before the OCC will grant final charter approval:

1. The bank must submit to the Louisville Field Office for review and approval a complete description of the bank's final information systems and operations architecture as well as the information systems risk assessment and management plan. This should include a schematic drawing and discussion of the following items:
 - Vendor due diligence and contracts; electronic banking security mechanisms and policies; information systems personnel; internal controls; audit plans; and operating policies and procedures, including, but not limited to, vendor management, weblinking, customer authentication and verification, and business resumption contingency plans.
2. The bank must have performed an independent security review and test of its electronic banking platform. The bank must have this review performed regardless of whether the platform is operated in-house or by one or more third-party service providers. If the bank outsources the technology platform, it can rely on testing performed for the service provider to the extent that it satisfies the scope and requirements listed herein. The review must be conducted by an objective, qualified independent source (Reviewer). The scope should cover:
 - All access points, including the Internet, Intranet, or remote access.
 - The adequacy of physical and logical protection against unauthorized access including individual penetration attempts, computer viruses, denial of service, and other forms of electronic access.

By written report, the Reviewer must confirm that the security measures, including the firewall, have been satisfactorily implemented and tested. For additional guidance, see "The Internet and the National Bank Charter" booklet of the *Comptroller's Corporate*

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Manual, pages 37-38, 74-75. This booklet may be found on the OCC's web site at www.occ.treas.gov/netbank/letters.htm.

3. The bank must have a security program in place that complies with the "Interagency Guidelines Establishing Standards for Safeguarding Customer Information" specified at 12 C.F.R. 30, Appendix B.

The OCC poses no objection to Mr. Dorsey G. Hall, II serving as chief executive officer. All other executive officers are subject to the OCC's prior review and clearance.

The OCC poses no objection to Mr. Terry E. Forcht, Mr. Dorsey G. Hall, II, Mr. Charles R. Rapier, Mr. Roger W. Alsip, Mr. Rodney S. Shockley and Ms. Debra K. Reynolds serving as directors. All other directors are subject to the OCC's *prior* review and clearance.

Background checks requested by the OCC have not yet been received from three sources. While we have decided not to delay action pending receipt of these responses, continued service of the affected individuals will be dependent on satisfactory completion of the background investigation process.

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 officer or director *prior* to that person assuming such position.

The bank proposes to raise \$5 million in capital prior to commencing operations. You are reminded that, pursuant to 12 C.F.R. § 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 will also expire if the bank has not commenced business within 18 months from the date of this letter.

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 conditional approval to the undersigned or National Bank Examiner Carolina M. Ledesma at (312) 360-8867.

Sincerely,

-signed-

David J. Rogers
National Bank Examiner

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