



Comptroller of the Currency
Administrator of National Banks

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

December 17, 1996

**Conditional Approval #229
January 1997**

Mr. Edward A. Receski
Attorney at Law
Greenebaum Doll & McDonald
333 West Vine Street, Suite 1400
Lexington, Kentucky 40507

Re: Letter of Intent from Trust Company of Kentucky, Ashland, Kentucky
to convert to a national trust bank.

Dear Mr. Receski:

OCC Control Nos. (96-CE-01-044)

The Office of the Comptroller of the Currency has reviewed your request, dated November 11, 1996 to convert the Trust Company of Kentucky, Ashland, Kentucky to a national trust bank which will engage solely in fiduciary activities. After a thorough review of all information available, we find that your request meets the requirements for preliminary conditional approval to convert to a national trust bank as follows:

Title: ***Trust Company of Kentucky, National Association***

Location: 1544 Winchester Avenue
Ashland, Kentucky

We have made our decision to grant preliminary conditional approval with the understanding that the proposed national trust bank will not be FDIC insured and with the expectation that the proposed bank will become a member of the Federal Reserve System.

Prior to, or as of the date of conversion:

1. Directors must purchase qualifying shares in conformance with 12 U.S.C. §72 and 12 C.F.R. §7.2005.
2. The bank must have a cashier (see 12 C.F.R. §7.2015).

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3. The institution must purchase adequate fidelity bond coverage in accordance with 12 C.F.R. §7.2013, which lists four factors the directors should consider to determine adequacy.
4. The board of directors must adopt and have in place written policies and procedures to ensure the safe and sound operation of the bank. The minimum policies and procedures applicable to national banks are enclosed.
5. The converting institution must obtain any other required regulatory approvals.

This approval also is subject to the following three special conditions which shall be deemed to be "conditions imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. §1818(b)(1).

1. Pikeville National Corporation, Pikeville, Kentucky (*hereinafter PNC*), its affiliates, successor owner(s), or the bank, may not take any action that would materially alter PNC's or a successor owner's ownership interest in the bank without prior approval of the OCC except when that change in ownership is subject to the prior approval of another federal depository regulatory agency. In the event the OCC considers a change in ownership, the OCC will apply the definitions and standards set forth in the Change in Bank Control Act and the OCC's implementing regulation (12 U.S.C. §1817(j) and 12 C.F.R. §5.50) in determining whether a change in PNC's or successor's ownership interest is material and whether to approve a proposed change.
2. Trust Company of Kentucky, National Association (*hereinafter TCK*), shall assure that the operations of the bank are limited to that of a trust bank and that deposits other than trust funds are not accepted, loans are not made and checks are not paid.
3. The limitations of TCK's activities must be fully enumerated in the bank's articles of association. Specifically, the articles must clearly state:
 - The business of the association will be limited to that of a national trust bank;
 - The bank must obtain the prior written approval of the OCC before amending its articles of association to expand the scope of its activities and services; and
 - Transfers of the bank's stock are subject to prior approval of a federal depository institution regulatory agency. If no other agency approval is required, the OCC's approval must be obtained prior to the transfers. In such cases where OCC approval is

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required, the OCC will apply the definitions and standards of the Change In Bank Control Act and the OCC's implementing regulation to ownership changes in the bank.

The OCC has no objection to the individuals noted in the application as current directors and trust officers of TCK continuing in that capacity following the conversion to a national trust bank. Any additions or changes in the directors or trust officers made by TCK prior to its conversion must be reviewed and approved by the OCC.

Enclosed is a copy of a letter certifying completion of the conversion steps which should be prepared by you when appropriate. The various forms to be executed in conjunction with this proposal and the enclosed certification letter, along with instructions for their completion, can be found in the Comptroller's Manual for Corporate Activities, Volume 2, dated January 1992. When the institution has satisfactorily completed all of the required items, the OCC will issue a letter officially authorizing the institution to commence business as a national trust bank. At that time, you will receive the charter certificate and trust permit. The OCC will send you under separate cover an appropriate set of handbooks, manuals, issuances, and selected other publications.

If the conversion is not consummated within six months from the date of decision, preliminary conditional approval will be withdrawn. The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversion to occur as soon as possible.

All correspondence and documents concerning this transaction should be directed to National Bank Examiner Brian J. Paul at the District Office. In addition, if you have any other questions, he may be contacted at (312) 360-8858.

Sincerely,

\s\

Thomas M. Fitzgerald
District Administrator

Enclosures