

OFFICE OF THRIFT SUPERVISION

Approval of Organization and Acquisition of a Federal Savings Bank, Purchase and Assumption Transaction, and Voluntary Dissolution of an Existing Savings Bank

Order No.: 97-111

Date: October 23, 1997

Security First Network Bank, Atlanta, Georgia (the "Savings Bank") has applied to the Office of Thrift Supervision ("OTS"), to organize and acquire New Security First Network Bank, Atlanta, Georgia (the "New Savings Bank"), a federal stock savings bank, pursuant to 12 U.S.C. §§ 1464(e) and 1467a(e) and 12 C.F.R. §§ 552.2-1 and 574.3, to transfer certain assets and liabilities to the New Savings Bank pursuant to 12 U.S.C. § 1828(c) and 12 C.F.R. § 563.22, and to effect a voluntary dissolution pursuant to 12 C.F.R. § 546.4. In addition, Security First Holdings, Inc. (the "Holding Company"), has applied to the OTS to acquire the New Savings Bank pursuant to 12 U.S.C. § 1464(e) and 12 C.F.R. § 574.3. (The foregoing are referred to herein, collectively, as the "Applications"). The New Savings Bank will be a member of the Savings Association Insurance Fund.

The OTS has considered the Applications under the standards set forth in 12 U.S.C. §§ 1464(e), 1467a(e), and 1828(c) and 12 C.F.R. §§ 543.3, 546.4, 552.2-1, 563.22 and 574.7, and under the Community Reinvestment Act, 12 U.S.C. §§ 2901 et seq., and the OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, the OTS has considered the digest by the OTS Southeast Regional Office ("Regional Office"), a legal opinion by the Business Transactions Division, and an analysis by Corporate Activities. Based on its review, the OTS has determined that the Applications satisfy all applicable statutory and regulatory criteria, provided that the conditions set forth below are satisfied. Accordingly, the Applications are hereby approved, subject to the following conditions:

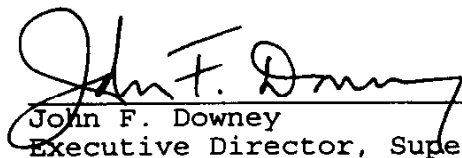
- (1) The Holding Company, the Savings Bank, and the New Savings Bank must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Regional Office;
- (2) On the business day prior to the date of consummation of the proposed transaction, the Chief Financial Officers of the Holding Company and the Savings Bank shall certify in writing to the Southeast Regional Director, or his designee (the "Regional Director") that no material or adverse changes

have occurred with respect to the financial condition or operation of the Holding Company and the Savings Bank, respectively, as disclosed in the Applications, including but not limited to directors, shareholders, or the business plan; and provided further, that no additional information having an adverse bearing on any feature of the Applications has been brought to the attention of the Holding Company or the Savings Bank since the date of the financial statements submitted with the Applications;

- (3) The proposed transactions must be consummated no earlier than 15 calendar days and no later than 60 calendar days from the date of this Order or within such additional period as the Regional Director may grant;
- (4) The Holding Company and the New Savings Bank must advise the Regional Office in writing within 5 calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction and of the New Savings Bank's insurance of accounts; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Applications and this Order;
- (5) The New Savings Bank shall submit independent audit reports to the Regional Office for its first three fiscal years unless waived by the Regional Director prior to expiration of the three year period. These reports shall be in compliance with the audit rules set forth at 12 C.F.R. Section 562.4;
- (6) No later than 30 calendar days from the date of consummation of the acquisition, the New Savings Bank and the Holding Company shall submit an opinion from an independent accountant, satisfactory to the Regional Director, describing the accounting for each transaction and stating that it was accounted for in accordance with generally accepted accounting principles. In addition, an opinion from an outside accountant setting forth the allocation of the tax loss carryforwards shall be submitted, and an opinion stating that the proposed transactions constitute a tax-free reorganization shall also be submitted;
- (7) Within 60 calendar days from the date of this Order, or within such time period as agreed upon by the Regional Director, the Savings Bank shall submit for review and approval of the Regional Director, an experienced, full-time managing officer of the New Savings Bank;
- (8) Within 60 calendar days from the date of consummation of the proposed transactions, the New Savings Bank and the Holding Company shall submit a tax sharing agreement subject to the approval of the Regional Director;

- (9) The New Savings Bank shall operate within the parameters of the business plan submitted in connection with the applications or such other additional plans approved by the Regional Director until December 1999. Any material change in, or deviation from, an approved plan must receive the prior written approval of the Regional Director. Such additional or modified plans shall be submitted for Regional Director approval no later than 30 days prior to the desired implementation. Within 30 days of the close of each calendar quarter, the New Savings Bank shall submit to the Regional Office a business plan variance report in the format of the detailed pro forma financial statements provided with the Applications; and
- (10) Following its voluntary dissolution, the Savings Bank shall submit to the Regional Director its original charter and bylaws, and request that its charter be canceled.

By order of the Director of the Office of Thrift Supervision,
or his designee, effective October 23, 1997.


John F. Downey
Executive Director, Supervision