



**Comptroller of the Currency
Administrator of National Banks**

Southern District Licensing
1600 Lincoln Plaza
500 North Akard
Dallas, Texas 75201-3323

June 18, 2004

**Conditional Approval #644
July 2004**

Mr. Michael Washburn, Spokesperson
Red Mountain Bancshares, Inc.
10 Inverness Center Parkway, Suite 120
Birmingham, Alabama 35242

Re: Charter Application No. 2003-SO-01-0006
Red Mountain Bank, N.A.
Hoover, Alabama, Charter No. 24497

Dear Mr. Washburn:

The Comptroller of the Currency (OCC) has found that you have met all requirements it imposed and completed all steps necessary to commence the business of banking. Specifically, you have met all the pre-opening requirements connected with your preliminary conditional approval on April 27, 2004. You are authorized to open Red Mountain Bank National, National Association on June 21, 2004. We will forward you a Charter Certificate under separate cover.

You are reminded that several of the standard requirements enclosed in the preliminary conditional approval letter dated April 27, 2004 will continue to apply once the Bank opens and, by opening, you agree to subject your association to these requirements of operation. Some of the requirements bear reiteration here:

1. Regardless of the association's FDIC insurance status, the association is subject to the Change in Bank Control Act (12 USC 1817(j)) by virtue of its national bank charter.
2. The board of directors is responsible for regular review and update of policies and procedures and for assuring ongoing compliance with them. This includes maintaining an internal control system that ensures compliance with the currency reporting and recordkeeping requirements of the Bank Secrecy Act (BSA). The board must train its personnel in BSA procedures and designate one person or a group to monitor day-to-day compliance.

This final approval is subject to the following conditions:

1. The Bank: (i) shall give the Birmingham Field Office at least sixty (60) days prior written notice of the Bank's intent to significantly deviate or change from its business plan or operations¹ 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. The OCC may impose additional conditions it deems appropriate in a written determination of no objection to a bank's notice. For the first three years of operation, the Bank must also provide a copy of such notice to the FDIC's Atlanta Regional Office.

2. Prior to implementing a transactional web site:

- The Bank must submit to the Birmingham 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 business resumption contingency plans.

- 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 below. An objective, qualified independent source (Reviewer) must conduct the review. 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"

¹ If such deviation is the subject of an application filed with the OCC, the OCC does not require any further notice to the supervisory office.

Mr. Michael R. Washburn

June 18, 2004

Page 3

booklet of the *Comptroller's Licensing Manual*, sections "Risk Considerations – Information System Security" and "Appendix A: Sample Business Guidelines -- Records, Systems, and Controls." The booklet is located at the Electronic Banking section of the OCC's web site: www.occ.treas.gov/netbank/letters.htm.

3. The Bank must notify all potential technology-related vendors in writing of the OCC's examination and regulatory authority under 12 USC 1867(c).² All final technology-related vendor contracts must stipulate that the performance of services provided by the vendors to the Bank is subject to the OCC's examination and regulatory authority.

These conditions of approval are conditions "imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

The Board of Directors should become familiar with the filing obligations of the Securities Exchange Act of 1934 ("34 Act") and 12 CFR Part 11. The Bank may be required to file reports with the OCC under the 34 Act and Part 11 if: (1) the Bank, at the end of any fiscal year, has 500 or more shareholders of record; or (2) the Bank made a public offering of securities subject to 12 CFR Part 16 during the Bank's organizational process. We encourage you to contact the OCC's Securities & Corporate Practices Division at (202) 874-5210 if you have any questions about the Bank's securities disclosure obligations.

This final approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States (U.S.), any agency or entity of the U.S., or any officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

On behalf of the OCC, welcome to the national banking system. If you have any questions about the supervision of your bank, please contact Tommy Tucker Assistant Deputy Comptroller or Jason Ross, National Bank Examiner/Supervisory Analyst of the Birmingham Field Office at (205) 985-7693. For questions about this decision letter or other licensing matters, please contact me at (214) 720-7052.

Yours truly,

/s/ Joseph T. Burbridge

Joseph T. Burbridge
Senior Licensing Analyst

² The OCC has the authority to assess the Bank for the cost of examining a service provider. See 12 CFR 8.6