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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

September 4, 2002

**Conditional Approval #548**  
**October 2002**

CAIS Control No. 2002-SE-01-0003

Mr. Kenneth A. Black  
Assistant Vice President and Director  
First Citizens Bank, National Association (Proposed)  
Post Office Box 49500  
Roanoke, Virginia 24019-9500

Re: Conversion Decision

Dear Mr. Black:

The Office of the Comptroller of the Currency (OCC) has reviewed the application filed on behalf of First Citizens Bank, A Virginia Corporation, Roanoke, Virginia (“FCB/AVC”) to convert to a national charter with the title of First Citizens Bank, National Association. After a thorough evaluation of all information available, including the representations and commitments made in the application and by FCB/AVC’s representatives, we find that the application meets the requirements for a conditional approval for FCB/AVC to convert to a national bank pursuant to 12 U.S.C. § 35 and 12 C.F.R. § 5.24 as follows:

Title: First Citizens Bank, National Association  
Charter No.: 024344  
Location: 110 Church Avenue, Third Floor, Roanoke, Virginia 24011

This conditional approval is subject to the following “condition 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. As such, the condition is enforceable under 12 U.S.C. § 1818.

The Bank: (i) shall give the appropriate OCC Supervisory Office at least sixty (60) days prior written notice of the Bank’s intent to significantly deviate or change from its business plan or operations<sup>1</sup> and (ii) shall obtain the OCC’s prior written determination of no objection before the Bank engages in any significant deviation or change from its business plan or operations. For

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<sup>1</sup> If such deviation is the subject of an application filed with the OCC for its prior approval, the OCC does not require notice to the supervisory office.

purposes of this paragraph, changes that may have a material impact on the strategic plan include, but are not limited to, any significant deviations from or material changes to:

- (a) Marketing strategies, marketing partners, or acquisition channels;
- (b) Underwriting practices and standards for account and/or portfolio acquisition;
- (c) Account management strategies and test programs;
- (d) Collection strategies, partners or operations;
- (e) Fee structure or fee application methods;
- (f) Accounting processes and practices;
- (g) Funding strategies and capital maintenance;
- (h) The current business focus, including entering into or exiting from a business segment; and
- (i) Any other changes in personnel, operations or external factors that may have a material impact on the Bank's operations or financial performance such as entering into any agreements with an existing or new private label merchant or credit card partner or making any portfolio acquisitions, if such agreements or acquisitions would have a material impact on the Bank.

The Bank also requested that we designate it a limited purpose bank for evaluation under the Community Reinvestment Act. The OCC has approved that designation, as set forth in a supplemental letter enclosed herewith.

In addition, the Bank requested, pursuant to 12 U.S.C. § 72, a waiver of the residency requirement for four directors: Kenneth Black, Alexander Macfadyen, Wayne Duncan and James Creekman. The OCC has granted that request. The waiver was granted based upon a review of all available information, including the filing and FCB/AVC's representation that this waiver will not affect the board's responsibility to direct the bank's operations in a safe, sound, and legal manner. Please understand that the OCC reserves the right to withdraw or modify this waiver and, at its discretion, to request additional information at any time in the future.

Approval of the residency waiver does not alter the citizenship and stock ownership requirements for those individuals serving as directors of the Bank. The Bank should review the qualifications of its directors to ensure compliance with the requirements of 12 U.S.C. § 72.

You are reminded that the following are required before, or as of, the effective date of conversion:

1. The Bank must become a member of the Federal Reserve System.

2. The Bank must have in force adequate fidelity bond coverage in accordance with 12 C.F.R. § 7.2013 which lists four factors the directors should consider to determine adequacy of coverage.
3. If a director, officer, employee, or principal shareholder of the Bank (including an entity that the person owns an interest of ten per cent or more) is involved in the sale of credit life insurance to loan customers, the Bank should ensure compliance with 12 C.F.R. § 2, which, among other matters, prohibits a covered person from retaining commissions or other income from the sale of credit life insurance connected with any loan the Bank makes.
4. The Board of Directors must adopt and have in place policies, practices, and procedures to ensure the safe and sound operation of the Bank. The board also must review those policies, practices, and procedures continually and ensure Bank compliance with them. We are enclosing the minimum policies and procedures applicable to national banks.
5. The Bank must obtain any other required regulatory approvals.
6. The Bank must notify the OCC if the facts described in the filing materially change at any time prior to consummation of the conversion.
7. The business of the association will be limited to those activities specified in the Competitive Equality Banking Act of 1987. Specifically the association will:
  - Engage only in credit card operations.
  - Not accept demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties or others.
  - Not accept any savings or time deposits of less than \$100,000.
  - Maintain only one office that accepts deposits.
  - Not engage in the business of making commercial loans.
8. The Board of Directors must amend the Articles of Association to reflect the business of the association as set forth in item 7 above. The article must provide that the Bank may not expand or alter its business beyond that stated in the article without prior approval of the Office of the Comptroller of the Currency.

The OCC will send under separate cover an appropriate set of OCC handbooks, manuals, issuances and selected other publications.

Upon conversion, please submit a letter certifying that the Bank has completed all steps required to convert to a national banking association (sample enclosed). You should direct any questions

concerning this matter to Licensing Analyst Dennis Oswald or to Licensing Manager John Stein who may be reached at (404) 588-4525.

This approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a bilateral contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or an officer or employee of the United States, 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 United States.

Our approval of the conversion expires if the conversion does not occur within six months from today's date. The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversion to occur as soon as possible.

Sincerely,

**-signed-**

Alan Herlands  
Director for Licensing Operations

Enclosures: Conversion Completed Certification Sample Letter  
Minimum Policies & Procedures  
CRA Designation Letter  
Survey Letter