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Comptroller of the Currency  
Administrator of National Banks

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Western District Office  
1225 17<sup>th</sup> Street, Suite 300  
Denver, Colorado 80202  
720-475-7650; Fax: 720-475-7691

**Conditional Approval #650  
October 2004**

September 15, 2004

Dennis Jones, Chief Executive Officer  
RBS National Bank  
1000 Lafayette Boulevard  
Bridgeport, Connecticut 06604-4725

Re: Bank Charter, Citizenship and Residency Waivers: RBS National Bank  
OCC Control No's: 2004-WE-01-0009, 2004-WE-12-0191, 2004-WE-12-0192

Dear Mr. Jones:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national limited purpose credit card bank with the title of RBS National Bank (Bank). On September 15, 2004, the OCC granted preliminary conditional approval of your charter application after a determination that your proposal met certain regulatory and policy requirements.

This preliminary conditional approval is granted based on a thorough evaluation of all information available to the OCC, including the representations and commitments made in the application and by the Bank's representatives. We also made our decision to grant preliminary conditional approval with the understanding that the proposed Bank will apply for Federal Reserve membership and will obtain deposit insurance from the Federal Deposit Insurance Corporation (FDIC).

The OCC has granted preliminary conditional approval only. Final approval and authorization for the Bank to open will not be granted until all preopening requirements are met. Until final approval is granted, the OCC has the right to alter, suspend, or revoke this preliminary conditional approval should the OCC deem any interim development to warrant such action.

1. This preliminary conditional approval is subject to the following condition: The Bank: (i) shall give James W. McPherson, Deputy Comptroller, 250 E Street SW, Mail Stop 6-1, Washington, DC 20219-0001 with a copy to Examiner-in-

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Charge Carolyn G. DuChene, c/o Legal Department, Mail Code SU530, 1215 Superior Avenue, Cleveland, Ohio 44114 at least sixty (60) days prior written notice of the Bank's intent to significantly deviate or change from its business plan or operations 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 also must provide a copy of such written notice to the FDIC's New York Regional Office, 20 Exchange Place, New York, NY 10005.

2. RBS National Bank shall commence operations with sufficient capital and surplus as defined in 12 C.F.R. 3.100, to be a well capitalized bank as defined in 12 C.F.R. 6.4 and continue as such for as long as it shall remain a national bank. In addition to the foregoing RBS National bank shall maintain at least \$20 million of additional capital over and above that which is necessary to remain well capitalized.

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 OCC poses no objection to the following persons serving as executive officers, directors, and/or organizers as proposed in the application:

<u>Name</u>	<u>Title</u>
Dennis Jones	Chief Executive Officer, Director and Organizer
Iain Clink	Director and Organizer
James Fitzgerald	Director and Organizer
Mark Formica	Director and Organizer
James Powers	Director and Organizer
Christopher Sullivan	Director
Richard Daingerfield	Director
Deborah Asetta	Chief Financial Officer
Robert Mihalcik	Chief Operations Officer
Tina Gabriel	Chief Risk Officer

Prior to the Bank's opening, the Bank must obtain the OCC's prior written determination of no objection for any additional organizers or executive officers, or directors appointed or elected before the person assumes the position. For a two-year period after the Bank commences business, the Bank must file an Interagency Biographical and Financial

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Report with the OCC and receive a letter of no objection from the OCC prior to any new executive officer or director assuming such position.

The OCC also grants your request to waive the residency requirements of 12 USC 72 for Dennis Jones, Iain Clink, Christopher Sullivan, Richard Daingerfield, James Fitzgerald, Mark Formica, and James Powers to serve as a member of the board of directors of the Bank. This waiver is granted based upon a review of all available information, including the filing and any subsequent correspondence and telephone conversations, and the Bank'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. 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.

The OCC also grants your request to waive the citizenship requirements of 12 USC 72 for Dennis Jones, Iain Clink, and Christopher Sullivan to serve as a member of the board of directors of the Bank. This waiver is based upon a review of all available information, including the filing, subsequent correspondence and telephone conversations, and the Bank's representation that this waiver will not affect the board's responsibility to direct the Bank's operations in a safe and sound manner. 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.

On September 15, 2004, the OCC approved your request for the Bank's designation as a limited purpose institution for purposes of the Community Reinvestment Act (CRA). The limited purpose designation is effective the date the bank opens for business. A separate letter confirming your request is enclosed confirming this approval. You should submit a CRA plan to James W. McPherson, Deputy Comptroller, 250 E Street SW, Mail Stop 6-1, Washington, DC 20219-0001 with a copy to Examiner-in-Charge Carolyn G. DuChene, c/o Legal Department, Mail Code SU530, 1215 Superior Avenue, Cleveland, Ohio 44114 for review.

The "Charters" booklet in the *Comptroller's Licensing Manual* provides guidance for organizing your bank. The booklet is located at the OCC's web site: <http://www.occ.treas.gov/corpbook/group4/public/pdf/charters.pdf>. 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 and begin organizing the Bank as soon as you adopt and forward Articles of Association and the Organization Certificate to Senior Licensing Analyst Geryl N. Race in this office for our review and acceptance. As a "body corporate" or legal entity, you may begin taking those steps necessary for obtaining final approval. The Bank may not begin the business of banking until it fulfills all requirements for a bank in organization and the OCC grants final approval.

Enclosed are standard requirements and minimum policies and procedures for new national banks. The Bank must meet the standard requirements before it is allowed to commence business and the Board of Directors must ensure that the applicable policies and procedures are established and adopted before the Bank begins operation.

1. The Bank must submit to James W. McPherson, Deputy Comptroller, 250 E Street SW, Mail Stop 6-1, Washington, DC 20219-0001 with a copy to Examiner-in-Charge Carolyn G. DuChene, c/o Legal Department, Mail Code SU530, 1215 Superior Avenue, Cleveland, Ohio 44114 for review, and prior written determination of no supervisory objection, 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, refer to "The Internet and the National Bank Charter" booklet of the *Comptroller's Licensing Manual*, pages 37-38, Information System Security. The booklet is located at the Electronic Banking section of the OCC's Web site:

<http://www.occ.treas.gov/corpbook/group4/public/pdf/internetnbc.pdf>

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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 CFR 30, Appendix B.

Under separate cover, the OCC will send to you an appropriate set of OCC handbooks, manuals, issuances, and selected other publications. This information does not include the Comptroller’s Licensing Manual, which is available only in electronic form at our web site: <http://www.occ.treas.gov/corpapps/corpapplic.htm>.

This preliminary conditional 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.

Direct any questions concerning this preliminary conditional approval to Senior Licensing Analyst Geryl N. Race at (720) 475-7655 or [geryl.race@occ.treas.gov](mailto:geryl.race@occ.treas.gov).

Sincerely,

*/s/ Geryl N. Race*

Geryl N. Race  
Senior Licensing Analyst

Enclosures: Standard Requirements  
Minimum Policies and Procedures  
Limited Purpose Designation Letter