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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

November 25, 1998

**Conditional Approval #294  
December 1998**

Mr. James M. Berry II  
Belk Store Services Inc.  
2801 Tyvola Road  
Charlotte, North Carolina 28217-4500

Re: Application by Belk Inc. to charter a national CEBA credit card bank with the title  
"Belk National Bank" Norcross, Georgia  
Application Control Number: 98-SE-01-0022

Dear Mr. Berry:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national CEBA credit card bank with the title of Belk National Bank. On DATE, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary conditional approval.

This approval is granted based on a thorough review of all information available, including the representations and commitments made in the application and by the proposed bank's representatives. We also made our decision to grant preliminary conditional approval with the understanding that the proposed national bank will apply for membership in the Federal Reserve System and will be FDIC-insured.

Major deviations from the operating plan or changes in the composition of the board of directors, ownership, or chief executive officers that the OCC has not approved may result in withdrawal of preliminary conditional approval. (see Significant Changes discussion in the Introduction of the "Corporate Organization" booklet). Please note that all relevant financial documents should reflect the Bank as a stand alone entity. Receivables, both donated and purchased, must be reflected on the Bank's financial statements at fair value. Additionally, with respect to dual employee supervisory personnel, Bank financials must reflect the personnel costs associated with time devoted by these employees to Bank matters.

The charter approval is subject to the following condition:

- The Bank must maintain on file on its premises current financial information on Belk Inc., (e.g, audited financial reports, quarterly financial statements, 10-K and 10-Q reports as appropriate). The financial information must be provided to the Bank's supervisory office once it becomes available.

Please be advised that the above condition of this approval shall be deemed to be a 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. This condition is enforceable under 12 U.S.C. §1818.

Please refer to the "Corporate Organization" booklet (enclosed) in the *Comptroller's Corporate Manual* for the instructions on organizing your bank. 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 of and begin organizing the bank as soon as you adopt and forward acceptable Articles of Association and the Organization Certificate to the Midwestern District Office Licensing Division. As a "body corporate" or legal entity, you may begin taking those steps necessary for obtaining final approval, but you may not begin the business of banking until you fulfill all requirements for a bank in organization and you are granted final approval by the OCC. If you have questions concerning the organization phase of the bank, please contact the Midwestern District Office Licensing Division at (404) 588-4525.

Enclosed are standard requirements that must be met before the bank will be allowed to commence business. Management must ensure that the applicable policies and procedures are established and adopted by the board of directors before the bank begins operation. Applicable standard requirements also must be satisfied before the bank will be allowed to commence business.

The OCC poses no objection to the following persons serving as executive officers and directors of the proposed bank:

<u>Name</u>	<u>Proposed Position</u>
James M. Berry II	President, CEO and COB
Oakley M. Orser	Chief Lending Officer/Cashier/Director
H.W. McKay Belk	Director
John R. Belk	Director
Thomas M. Belk, Jr.	Director
James M. Berry II	Director
Luther T. Moore	Director
Bill R. Walton	Director

Additional officers and directors, particularly the compliance officer and the credit officer are subject to the OCC's prior review and clearance. Also, please note that the OCC requires that you obtain prior approval of additions or changes in executive officers and directors for two years after the Bank opens for business.

The OCC also granted your waiver request of the residency requirements of 12 U.S.C. § 72 for the board of directors of Belk National Bank. This waiver is granted 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, 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.

Based on OCC No Objection Letter 93-01, OCC concludes that the Bank is not a depository institution for the purposes of the Depository Institutions Management Interlocks Act (DIMIA), 12 U.S. C. § 3201, as long as it does not accept deposits from the public. Consequently, the OCC has no objection if John R. Belk and Thomas M. Belk, Jr. serve as directors at both the Bank and First Union National Bank and Wachovia Bank, N.A. respectively.

We specifically noted that the Bank has represented to the OCC that internal systems will be Year 2000 compliant within the time frames outlined in Advisory Letter 97-6 (enclosed) or other subsequent OCC Year 2000 guidance. In addition, the Bank will perform due diligence to ensure that any third-party data processing servicers or purchased applications or systems from software vendors will also be Year 2000 compliant. In the event that the Bank selects a servicer or vendor which is not Year 2000 compliant, the Bank will ensure that the servicer or vendor has a Year 2000 compliance plan, and the financial and managerial capacity to complete its Year 2000 conversion project within the time frames outlined in Advisory Letter 97-6 or other subsequent OCC Year 2000 guidance.

Your request that the proposed bank be designated a limited purpose institution with regard to the Community Reinvestment Act was approved on September 11, 1998. You have received a separate letter confirming this approval. Your CRA plan will be reviewed during the pre-opening examination.

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

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You should direct any questions concerning this preliminary conditional approval to National Bank Examiner Jill K. Kennard in the Midwestern District Office at (816) 556-1860, or me at (202) 874-5060.

Sincerely,

/s/

Maria G. Arevalo  
National Bank Examiner  
Bank Organization and Structure

Enclosures: "Corporate Organization" Booklet  
Minimum Policies and Procedures  
Standard Requirements