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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**Conditional Approval #451**  
**March 2001**

February 28, 2001

William A. Rosoff  
Vice Chairman of the Board  
Advanta National Bank  
Delaware Corporate Center 1, Suite 200  
One Righter Parkway  
Wilmington, DE 19803

Re: Application by Advanta National Bank, Wilmington, DE (Bank), to reduce capital  
CAIS Control Number: 2001-NE-12-0034

Dear Mr. Rosoff:

This is to inform you that the Office of the Comptroller of the Currency (OCC) has today approved the Bank's application for a capital reduction as outlined in your letter of January 26, 2001. This decision is based on a thorough review of all information available, including representations made in the application and by the Bank's representatives, and is made conditional upon the Bank's receipt of the funds described below.

The Bank proposes to reduce its capital by a payment to its sole shareholder, Advanta Corp., in the amount of \$261 million. The Bank intends to raise the funds necessary to make the proposed payment to Advanta Corp. by selling its non-conforming residential mortgage lending and servicing business to Chase Manhattan Mortgage Corporation (Chase). Although the Purchase and Sale Agreement with Chase is to close on February 28, 2001, we understand that the full purchase price due at the closing from Chase will not be transmitted to the Bank until March 1, 2001. Be advised that the Bank's capital distribution is not authorized to occur unless and until Chase has funded and paid over to the Bank the full purchase price due at the closing to the Bank in connection with the Purchase and Sale Agreement, and the Bank and Advanta Corp. enter into an agreement acceptable to the OCC governing the reimbursement of any capital distribution made by the Bank in the event the sales transaction is unwound. These conditions to the Bank's capital distribution shall be deemed to be conditions imposed in writing, and shall be enforceable under 12 U.S.C. § 1818. The Bank will continue to be well capitalized upon completion of the distribution.

Mr. William Rosoff, Vice Chairman of the Board  
Advanta National Bank  
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If you have any questions, please contact me at 202-874-4610.

Sincerely,

**-signed-**

Timothy W. Long  
Deputy Comptroller  
Large Bank Supervision