



Comptroller of the Currency
Administrator of National Banks

Bank Organization and Structure
250 E Street, SW, Mail Stop 3-8
Washington, DC 20219

Conditional Approval #245
June 1997

May 13, 1997

Mr. Robert L. Andersen
Senior Vice President
First Union Corporation
301 South College Street, LEG-0630
Charlotte, North Carolina 28288-0630

Re: Application to Charter First Union Direct Bank, National Association, Augusta, Georgia,
as an Operating Subsidiary of First Union National Bank of Georgia
Application Control Numbers: 97-ML-01-0001 and 97-ML-08-0002

Dear Mr. Andersen:

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 "First Union Direct Bank, National Association," Augusta, Georgia ("Direct Bank" or the "Bank") as a subsidiary of First Union National Bank of Georgia. On May 13, 1997, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary conditional approval. Also, approval is granted for Direct Bank to form a wholly-owned operating subsidiary that, in turn, will wholly-own a second-tier operating subsidiary that will be organized so as to qualify for treatment as a real estate investment trust ("REIT") under federal tax laws.

We have based our decision to grant preliminary conditional approval on the information provided in your application, other correspondence between the applicant and the OCC, and other information available to the OCC.

We also made our decision to grant preliminary approval with the understanding that the proposed national bank will be FDIC insured and the expectation that the proposed bank will apply for membership in the Federal Reserve System.

The operating plan will provide the context for the supervisory review at the pre-opening examination. Major deviations from the plan or changes in the composition of the board of directors, ownership, or chief executive officer that the OCC has not approved may result in withdrawal of preliminary conditional approval.

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This approval is subject to the following conditions:

1. Direct Bank must obtain the prior approval of the Federal Deposit Insurance Corporation (FDIC) to become an "insured depository institution" within the meaning of 12 U.S.C. §1813(c)(2). It is noted that the FDIC issued its approval on March 28, 1997.
2. Direct Bank will maintain status as an "insured depository institution" within the meaning of 12 U.S.C. §1813(c)(2).
3. At the earliest practicable time, Direct Bank will provide notice to the OCC of any action initiated or taken by the FDIC that is directed toward termination of the Bank's status as an insured depository institution.
4. In the event the FDIC initiates or takes any action to terminate Direct Bank's status as an "insured depository institution," the Bank must request and obtain the prior approval of the OCC before continuing operation as a non-FDIC insured national bank. In determining whether to approve the continued operation by the Bank as an uninsured national bank, the OCC may impose additional conditions upon the Bank. Such conditions shall be regarded as "conditions imposed in writing by the agency in connection with the granting of any application or other request by the depository institution" within the meaning of 12 U.S.C. §1818(b)(1).

It is to be expressly understood that the OCC's authority to impose conditions under No. 4 is in addition to, and not in substitution of, any other authority the OCC presently possesses--or may come to possess--for uninsured national banks.

5. The limitations of Direct Bank's activities must be enumerated fully in its Articles of Association. Specifically, the articles must state:
 - The business of the association will be limited to that of a national credit card bank. See 12 U.S.C. § 1841(c)(2)(F).
 - The Bank must obtain the prior written approval of the OCC before amending its Articles of Association to expand the scope of its activities and services.

Please be advised that the above conditions shall be deemed to be conditions "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.

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Also, to ensure that Direct Bank's proposed activities are consistent with status as a CEBA credit card bank, you may wish to consult, as you determine to be necessary, with the Federal Reserve for their interpretation of the limits of a credit card bank's activities as defined in section 2(c)(F) of the Bank Holding Company Act, 12 U.S.C. § 1841(c)(2)(F).

The Bank may offer credit life, health, and accident insurance in accordance with 12 C.F.R. 2.

You may now establish the corporate existence of the Bank and forward the Articles of Association and Organization Certificate to the Multinational Banking Division. As a legal entity, you may begin to take 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 final approval is granted (See enclosed draft Corporate Organization booklet of the Comptroller's Corporate Manual).

Enclosed are procedural requirements that must be met before the Bank will be allowed to commence business. Please note that some of the requirements referenced in the enclosed package may not be applicable since the Bank's activities will be limited to those of a national CEBA credit card bank. Management must ensure that the applicable policies and procedures are established and adopted by the Board of Directors before the Bank commences business.

The OCC has no objection to the following persons serving as executive officers as proposed in the application: Fred M. Winkler, as President/Chief Executive Officer; David Nole, as Chief Credit Officer; and, Steven L. Parker, as Chief Financial Officer.

The OCC also has no objection to the following persons serving as directors as proposed in the application: Fred M. Winkler, David Nole, Steven L. Parker, David M. Carroll, and Charles O. Rivers.

Any additional executive officers and directors identified before the Bank opens for business are subject to 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 Articles of Association and Organization Certificate should be forwarded to the OCC within thirty days.

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

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You also submitted a request that Direct Bank be designated as a “limited purpose bank” for purposes of the Community Reinvestment Act. OCC’s approval of your request was sent to you by letter dated April 29, 1997, by Bert A. Otto, Acting Deputy Comptroller for Compliance Management.

All correspondence regarding this application should reference the application control number. If you have any questions concerning this letter, please contact Licensing Manager Richard T. Erb in our Multinational Banking Department at (202) 874-4610 or me at (202) 874-5060.

Sincerely,

/s/

Robert A. Sihler
Senior Bank Structure Analyst
Bank Organization and Structure

Enclosures: Draft Corporate Organization Booklet
Minimum Policies and Procedures
Procedural Requirements