



Comptroller of the Currency
Administrator of National Banks

Southeastern District
Marquis One Tower, Suite 600
245 Peachtree Center Ave., N.E.
Atlanta, Georgia 30303

CRA Decision #87
March 1999

February 9, 1999

Mr. Robert E. Lee
Spokesperson
P.O. Box 46
Albany, Georgia 31702

Re: 98-SE-01-0024 Application to Charter Albany Bank & Trust, N.A., Albany, Georgia

Dear Mr. Lee:

The Office of the Comptroller of the Currency (“OCC”) has reviewed your application to establish a new national bank with the title of Albany Bank & Trust, National Association, Albany, Georgia at 2815 Meredyth Drive, Albany, Georgia. On February 9, 1999, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary approval. The bank also may offer credit life, health, and accident insurance in accordance with 12 CFR 2.

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 approval with the understanding that the proposed national bank will apply for membership in the Federal Reserve System and obtain FDIC insurance.

We note that Mr. William Wright submitted comments expressing concerns with the application. We reviewed his comments along with your application, your response to us regarding the comments, and the additional information you submitted regarding the bank’s plans to serve the community, including low-to-moderate income areas. We concluded that you have taken sufficient steps to identify the needs of your community and have developed appropriate products, programs, and services to serve the entire market. You have also represented that the bank will establish a mechanism to monitor the changing needs of the community. We further note your plans to establish a branch

Mr. Robert E. Lee
February 9, 1999
Page 2

to be located in downtown Albany, to be opened in the third year of operation, that will be accessible to the low-to-moderate income segments of your market. Finally, we note that the proposed President/CEO and Senior Lender have recently worked in banks with "Outstanding" ratings for Community Reinvestment Act ("CRA") performance. Accordingly, we find no basis to object to this application on managerial or CRA grounds.

This is preliminary approval only. Final approval will not be granted until and unless the Federal Reserve Board acts favorably on your application with them to acquire this new bank. You must furnish the OCC's district office with a copy of all related filings to the Federal Reserve, including registration material.

Any significant deviations from the original operating plan, or changes in the organizing group or officers, must receive the prior written approval of the OCC. Significant deviations or changes that have not been approved may be grounds for delaying issuance of the charter or for withdrawing preliminary approval (see Significant Changes discussion in the Introduction of the "Corporate Organization" booklet).

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 this office. 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.

After reading the instructions for the organization of a new national bank, it is suggested that the spokesperson or a designated correspondent visit the District Office to discuss the organizing process. We feel such a visit can save time and prevent some of the pitfalls that have delayed or prevented other banks from opening.

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.

We require that, prior to opening, the bank engage an independent, external auditor to perform an audit in accordance with generally accepted auditing standards of sufficient scope to enable the auditor to render an opinion on the financial statements of the bank, taken as a whole. The audit period shall commence on the date that the organizing

group forms a body corporate and may end on any calendar quarter-end no later than 12 months after the bank opens. We expect that such audits will be performed on an annual basis for at least three years following commencement of operations. Engagement of an auditor will be verified during the pre-opening examination.

Warrants/Options issued must include the following legended provision:

If Albany Bank and Trust, National Association falls below the minimum requirements contained in 12 CFR 3, or falls below a higher requirement as determined by the OCC, the OCC may direct Albany Bank and Trust, National Association to require warrant/option holders to exercise or forfeit their warrants. Albany Bank and Trust, National Association will notify warrant/option holders within 45 days from the date the OCC notifies Albany Bank and Trust, National Association in writing that warrant/option holders must exercise or forfeit their warrants. Albany Bank and Trust, National Association will cancel warrants/options not exercised within 21 days of Albany Bank and Trust, National Association's notification. Albany Bank and Trust, National Association has agreed to comply with any OCC request that the bank invoke its right to require warrant/option holders to exercise or forfeit their warrants/options under the circumstances stated above.

Organizational and pre-opening expenses significantly exceeding those projected in the application or net capital significantly less than that projected in the application is a basis for revocation of this preliminary approval. Capital adequacy is not the sole basis for determining the acceptability of organization expenses. The OCC will evaluate the reasonableness of pre-opening expenses.

Generally, the OCC:

- o Permits organization/pre-opening expenses to compensate organizers for those services normally performed by outside professionals, provided the bank can document that the expense is reasonable and in the best interest of the bank.
- o Does not permit organization/pre-opening expenses to compensate organizers for performance of duties typically expected of a new bank organizer.
- o Requires adequate documentation to support organization/pre-opening expense payments to organizers. Documentation should substantiate the value of services performed and compare the cost with similar services available from unrelated parties.

We have previously sent you copies of OCC Advisory Letters 97-6, 97-10, and 98-1, and the related FFIEC Interagency Statements which outline Year 2000 systems issues and the OCC's and other agencies' supervisory approach. The guidelines provide a description of appropriate and prudential practices that all banks should consider as they

develop and implement their Year 2000 conversion program. The OCC has placed reliance on your representations regarding the proposed bank's Year 2000 compliance, including any components provided by or purchased from third-party vendors.

This Office has no objection to the following persons serving as directors and officers as proposed in the application and as indicated below. Additional executive officers are subject to the prior review and clearance of the OCC.

| <u>NAME</u> | <u>POSITION</u> |
|---------------------|----------------------------|
| Robert E. Lee | President/CEO and Director |
| David Guillebeau | Senior Lender |
| Robert Beauchamp | Director |
| Glenn Dowling | Director |
| Mary Ann Dykes | Director |
| Mark Shoemaker | Director |
| Lawrence Willson | Director |
| James Woods | Director |
| Charles Jones III | Director |
| Van Cise Knowles | Director |
| Corinne Martin | Director |
| William McAfee | Director |
| Richard Langley | Director |
| Bennett Cotten, Jr. | Director |
| Jane Anne Sullivan | Director |
| John Ventulett, Jr. | Director |

Please pay particular attention to the standard requirement pertaining to the OCC's prior approval of additions or changes in executive officers and directors for two years once the bank opens for business.

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

Please also note that this office has not yet reached a decision on the Incentive Stock Option Plan submitted with the additional information to this application. Our decision on the appropriateness of the types of options/awards contained therein will be forthcoming. Finally, the application included information on a courier service. Based upon the information you have provided us, a branch application will be necessary inasmuch as the courier service will pick up deposits. Accordingly, this preliminary approval should not be construed as approval of the final terms of either the courier service or the Incentive Stock Option Plan proposals.

Mr. Robert E. Lee
February 9, 1999
Page 5

Any questions concerning preliminary approval should be directed to the Bank Analysis Division at (404) 588-4525.

Sincerely,

/s/

John O. Stein, II
Corporate Manager

Enclosures: Corporate Organization Booklet
Documents - Standard Requirements, New Bank Charters
Documents - Minimum Policies and Procedures