



Comptroller of the Currency
Administrator of National Banks

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

Conditional Approval #513
February 2002

January 18, 2002

Mr. Douglas A. Chesson
Spokesperson
Citizens National Bank (Proposed Charter)
70 E. Windsor Blvd. Suite B
Windsor, Virginia 23487

Re: Application for a de novo Charter
Citizens National Bank (Proposed Charter), Windsor, Virginia
Control No. 2001-SE-01-0010

Dear Mr. Chesson:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of **Citizens National Bank**. On January 18, 2002, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary conditional approval.

This preliminary conditional 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 obtain FDIC insurance.

This preliminary conditional approval is subject to the following condition. The bank shall obtain the OCC's non-objection before any significant deviation or change from the proposed operating plan occurs during the bank's first three years of operations. The bank shall notify the Virginia Supervisory Office at least sixty (60) days prior to any proposed significant deviation or change and obtain the OCC's non-objection in writing, to such a proposed deviation or change. The bank must also provide a copy of such notice to the FDIC's Atlanta Regional Supervisory Office. This condition of approval is "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 condition is enforceable under 12 USC 1818.

Mr. Douglas Chesson
January 18, 2002
Page 2

This is preliminary conditional 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 Southeastern District Office with a copy of all related filings to the Federal Reserve, including registration material.

Until final approval is granted, the OCC has the right to alter, suspend, or revoke preliminary approval should any interim development be deemed by the OCC to warrant such action.

The bank's initial paid-in capital, net of organizational and preopening expenses, shall be no less than \$4,653,000. The manner in which capital is raised must not deviate from that described in the operating plan without prior OCC notification. If the capital for the new bank is not raised within 12 months or if the new bank is not opened for business within 18 months from the preliminary conditional approval date, the OCC will withdraw approval. The OCC is opposed to granting extensions, except under the most extenuating circumstances and when the OCC determines that the delay is beyond the applicant's control. The organizers are expected to proceed diligently, consistent with their application, for the bank to open for business as soon as possible.

Please refer to the "Corporate Organization" booklet (enclosed) of 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.

Mr. Douglas Chesson
January 18, 2002
Page 3

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

| <u>NAME</u> | <u>POSITION</u> |
|----------------------|----------------------------|
| Douglas A. Chesson | President/CEO and Director |
| Allen E. Brown | Director |
| Judy D. Brown | Director |
| J. Larry Darden | Director |
| Harold F. Demsko | Director |
| James E. Laine | Director |
| Marcia C. Patterson | Director |
| William E. Pope | Director |
| Gerald D. Scheimberg | Director |
| Kim D. Shivers | Director |
| Michael G. Smith | Director |
| G. Stewart Tyler | Director |
| Gene E. Worrell | Director |
| Susan P. Worrell | Director |

You are also reminded that for a period of two years after the bank has opened for business, the OCC must review and have no objection to any new executive officer or director prior to that person assuming such position.

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

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, any agency or entity of the United States, or any officer or employee of the United States, 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 United States.

Mr. Douglas Chesson
January 18, 2002
Page 4

Any questions concerning this preliminary conditional approval should be directed to
Licensing Analyst Valerie Richards at (404) 588-4525.

Sincerely,

/s/

John O. Stein, II
Licensing Manager

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