



Special Supervision Division  
400 7th St. SW, Suite 3E-218  
Mail Stop 8E-12  
Washington, DC 20219

**Supervisory Condition #2014-04**  
**March 2014**

March 10, 2014

*Via E-mail and First Class Mail*

Board of Directors  
FSGBank  
531 Broad Street  
Chattanooga, Tennessee 37402

**Re: Notification of Conditional Non-objection to Strategic and Capital Plans**

Dear Members of the Board:

The Office of the Comptroller of the Currency (“OCC”) is in receipt of the revised Strategic (“Plan”) submitted by FSGBank, Chattanooga, Tennessee (“Bank”) on January 27, 2014, in accordance with the requirements of Article II (Strategic Plan) of the Consent Order executed April 28, 2010 (“Order”). The OCC has no supervisory objection to the Plan subject to the following condition:

- Effective immediately, the Bank may not significantly deviate from the Plan without the assigned OCC Supervisory Office’s prior written determination of no supervisory objection. The Bank must provide the OCC at least 60 days advance, written notice of its intent to deviate significantly from the Plan, along with an assessment of the impact of such change on the Bank’s condition, including a profitability analysis and an evaluation of the adequacy of the Bank’s organizational structure, staffing, management information systems, internal controls, and written policies and procedures to identify, measure, monitor, and control the risks associated with the change in the Plan. Changes that may constitute a significant deviation from the Plan include, but are not limited to, mergers or acquisitions; any significant deviations from marketing strategies, products and services, marketing partners, or acquisition channels; underwriting practices or standards; credit administration, account management strategies or test programs; collection strategies, partners, or operations; fee structure, pricing, or fee application methods; accounting processes or practices; funding strategy; or any other changes in personnel, operations, or external factors that may have a material impact on the Bank’s operations or financial performance. A determination of a material impact on the Bank’s operations or financial performance may include a single change or changes in aggregate.

- At least quarterly, the Board must prepare a written evaluation of the Bank's performance against the Plan and must include a description of the actions the Board will require the Bank to take to address any shortcomings. This evaluation must be documented in the Board meeting minutes. The Board must forward a copy of these quarterly reports to the assigned OCC Supervisory Office within 10 days of completion of its review. Additionally, the Board must review and update the Plan at least annually, no later than December 31 each year, and more frequently if necessary or if requested by the OCC in writing.

These conditions of this non-objection are conditions "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 U.S.C. § 1818. As such, the conditions are enforceable under 12 U.S.C. § 1818. Based on the improvement in the condition of the Bank, and the imposition of the regulatory conditions imposed in writing, the continuation of the Order entered into between the Bank and the OCC on April 28, 2010 is no longer required. The termination document is attached to this letter.

This letter and the activities and communications by OCC employees in connection with the Bank's request, 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.

This letter must immediately be provided to each member of the Board, and this letter must be reviewed and discussed at the next meeting of the Board. This letter and the Board's discussion regarding this letter must be included in the minutes of the next meeting of the Board.

Should you have any questions, please feel free to contact either Problem Bank Specialist C Welch or myself at (202) 649-6450.

Sincerely,

/s/

Henry Fleming  
Director for Special Supervision

Attachment