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**Comptroller of the Currency  
Administrator of National Banks**

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Southern District Licensing  
500 North Akard, Suite 1600  
Dallas, Texas 75201-3323

**Conditional Approval #734  
March 2006**

February 22, 2006

Mark C. Riley  
Chief Executive Officer  
First National Bank of Virginia, Proposed  
Post Office Box 62487  
Virginia Beach, Virginia 23466-2487

Re: Application to Charter First National Bank of Virginia, (Proposed), to be located at 4593  
Pembroke Boulevard, Virginia Beach, Virginia 23455, and to approve the Messenger  
Service pursuant to 12 C.F.R. § 7.1012. CAIS Control Numbers 2005-SO-01-0021 and  
2006-SO-05-0046

Dear Mr. Riley:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of First National Bank of Virginia, (In Organization). On February 22, 2006 the OCC granted preliminary conditional approval of your charter application after a determination that your proposal met certain regulatory and policy requirements. Your request for a Messenger Service as described at 12 C.F.R. § 7.1012 is also approved in keeping with established precedent for that activity.

This preliminary conditional approval is granted based on a thorough evaluation of all information available to the OCC, including the representations and commitments made in the application and by the Bank's representatives. We also made our decision to grant preliminary conditional approval with the understanding that the proposed Bank will apply for Federal Reserve membership and will obtain deposit insurance from the Federal Deposit Insurance Corporation (FDIC).

The OCC has granted preliminary conditional approval only. Final approval and authorization for the Bank to open will not be granted until all pre-opening requirements are met. Until final approval is granted, the OCC has the right to alter, suspend, or revoke this preliminary conditional approval should the OCC deem any interim development to warrant such action.

This preliminary conditional approval is subject to the following condition:

1. The Bank: (i) shall give the Virginia Field Office at least sixty (60) days prior written notice of the Bank's intent to significantly deviate or change from its business plan or operations<sup>1</sup> and (ii) shall obtain the OCC's written determination of no objection before the Bank engages in any significant deviation or change from its business plan or operations. The OCC may impose additional conditions it deems appropriate in a written determination of no objection to a bank's notice. For the first three years of operation, the Bank also must provide a copy of such written notice to the FDIC's Atlanta Regional Supervisory Office.

This condition of approval is a condition "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. As such, the conditions are enforceable under 12 U.S.C. § 1818.

The Bank's initial paid-in capital shall be a minimum of \$12,000,000 less start up expenses disclosed in your application. Significant deviations should be brought to our attention during the "In Organization" phase of the charter proposal. The manner in which capital is raised must not deviate from that described in the business plan without prior written OCC notification. If the capital for the Bank is not raised within 12 months, or if the Bank is not opened for business within 18 months from the preliminary conditional approval date, this approval expires. 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.

It does not appear you will be establishing a bank holding company in connection with this de novo filing. However, you are reminded that final approval will not be granted until and unless the Federal Reserve acts favorably on any application to acquire the Bank. You must furnish the OCC with any proposed copy of all related filings to the Federal Reserve, including registration materials. Send this information to Karen H. Bryant, Director for District Licensing, in our Southern District Office.

The OCC poses no objection to the following persons serving as executive officer, directors, and/or organizers as proposed in the application:

<u>Name</u>	<u>Title</u>
Mark B. Antal	Organizer/Director

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<sup>1</sup> If such deviation is the subject of an application filed with the OCC, no separate notice to the supervisory office is required.

Janice Black	Organizer/Director
John D. Gober, MD	Organizer/Director
Robert G. Hammer	Organizer/Director
James W. Holden, Jr. DVM	Organizer/Director
James C. Key	Organizer/Director
Ralph J. Nahra	Organizer/Director
Timothy B. Persons	Organizer/Director
Mark C. Riley	Organizer/Director/CEO
Mark K. Ricketts	Organizer/Director
Douglas A. Chesson	Director

Prior to opening, the Bank must obtain the OCC's prior written determination of no objection for any additional organizers or executive officers, or directors appointed or elected before the person assumes the position. For a two-year period after the Bank commences business, the Bank must file an *Interagency Biographical and Financial Report* with the OCC and receive a letter of no objection from the OCC prior to any new executive officer or director assuming such position.

The OCC also granted the request to waive the residency requirements of 12 U.S.C. § 72 for James C. Key, Dr. James W. Holden Jr., and Mark C. Riley to serve as members of the board of directors of the Bank. This waiver is granted based upon a review of all available information, including the filing and any subsequent correspondence and telephone conversations, and the Bank's representation that this waiver will not affect the board's responsibility to direct the Bank's operations in a safe, sound, and legal manner. The OCC reserves the right to withdraw or modify this waiver and, at its discretion, to request additional information at any time in the future.

It is our understanding that Mr. Riley intends to move to, and make, Virginia Beach his new residence prior to the bank's opening. This residency waiver allows Mr. Riley additional flexibility during the relocation process but does not contravene Mr. Riley's representations of October 6, 2006 to relocate.

On February 22, 2006, the OCC also conditionally approved (Pursuant to Item number 1 above) your application to establish a messenger service in the vicinity of 4593 Pembroke Boulevard, Virginia Beach, Virginia. 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 bank's representatives. This letter also serves as authorization for the bank to establish Branch Number 134313A at the above-noted address following the opening of the bank.

If the branch is not opened within 18 months from this approval in connection with the establishment of this de novo bank, the approval automatically terminates unless the OCC grants an extension.

Within 10 days after opening this messenger service, the bank must advise this office of the branch's opening date, so the OCC may complete its records. Reference the CAIS control number (2006-SO-05-0046) in your letter. You are reminded the messenger service is not to operate outside your designated market without seeking additional authorization due to various state law limitations regarding bank branches.

If this branch is closed, a 90-day advance notice of proposed branch closing must be submitted to the OCC pursuant to 12 U.S.C. 1831r-1. Following the closing of the branch office, a final closing notice should be submitted to this office.

The "Charters" booklet in the *Comptroller's Licensing Manual* provides guidance for organizing your bank. The booklet is located at the OCC's web site: <http://www.occ.treas.gov/corpbook/group4/public/pdf/charters.pdf>. 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 Articles of Association and the Organization Certificate to Licensing Analyst Abel Reyna in this office for our review and acceptance. As a "body corporate" or legal entity, you may begin taking those steps necessary for obtaining final approval. The Bank may not begin the business of banking until it fulfills all requirements for a bank in organization and the OCC grants final approval.

Enclosed are standard requirements and minimum policies and procedures for new national banks. The Bank must meet the standard requirements before it is allowed to commence business and the Board of Directors must ensure that the applicable policies and procedures are established and adopted before the Bank begins operation.

In addition to the standard requirements for all new national banks, the following special requirements must be satisfied prior to the Bank's request for a pre-opening examination and before the OCC will grant final charter approval:

1. Complete the ownership transfer of the vacant lot associated with the proposed main office location. The transfer shall be reported on the bank's financial statements at \$450,000, representing the initial purchase price of the lot due to an intercompany transfer of the real estate and the accounting requirements for this real estate acquisition. The amount in excess of the transfer value, if any, shall be recorded as a

pre-opening expense clearly disclosed in the proposed offering circular. The disclosure should include a full description of the property and transaction history of the lot, the sole shareholder of the lot, and the fact that the lot transfer may be capped due to the insider transactions regarding the acquisition price. The lot acquisition should be supported by a satisfactory third real estate appraisal, received and reviewed by the OCC, in keeping with the minimum standards addressed as 12 C.F.R. §34.44. The accounting treatment for the transaction should be consistent with Generally Accepted Accounting Principals.

2. The pro forma financial statements and projections should be resubmitted to account for the final lot valuation following receipt of the revised appraisal documentation.
3. The Messenger Service scope of activities and target market should be developed and provided for review during the pre-opening examination phase.
4. The Bank must submit to the Virginia Field Office for review, and prior written determination of no supervisory objection, a complete description of the Bank's final information systems and operations architecture as well as the information systems risk assessment and management plan. This should include a schematic drawing and discussion of the following items:
  - Vendor due diligence and contracts; electronic banking security mechanisms and policies; information systems personnel; internal controls; audit plans; and operating policies and procedures, including, but not limited to, vendor management, weblinking, customer authentication and verification, and business resumption contingency plans.
  - The Bank must have performed an independent security review and test of its electronic banking platform. The Bank must have this review performed regardless of whether the platform is operated in-house or by one or more third-party service providers. If the Bank outsources the technology platform, it can rely on testing performed for the service provider to the extent that it satisfies the scope and requirements listed herein. The review must be conducted by an objective, qualified independent source (Reviewer). The scope should cover:
    - All access points, including the Internet, Intranet, or remote access.
    - The adequacy of physical and logical protection against unauthorized access including individual penetration attempts, computer viruses, denial of service, and other forms of electronic access.

- By written report, the Reviewer must confirm that the security measures, including the firewall, have been satisfactorily implemented and tested. For additional guidance, refer to “The Internet and the National Bank Charter” booklet of the *Comptroller's Licensing Manual*, pages 37-38, Information System Security. The booklet is located at the Electronic Banking section of the OCC's Web site:  
<http://www.occ.treas.gov/corpbook/group4/public/pdf/internetnbc.pdf>.

5. The Bank must have a security program in place that complies with the “Interagency Guidelines Establishing Standards for Safeguarding Customer Information” specified at 12 C.F.R. § 30, Appendix B.

Under separate cover, the OCC will send to you an appropriate set of OCC handbooks, manuals, issuances, and selected other publications. This information does not include the Comptroller's Licensing Manual, which is available only in electronic form at our web site:  
<http://www.occ.treas.gov/corpapps/corpapplic.htm>.

These preliminary conditional approvals 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 (U.S.), any agency or entity of the U.S., or any officer or employee of the U.S., 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.

Direct any questions concerning this preliminary conditional approval to me or Licensing Analyst Abel Reyna at 214-720-7052. All correspondence regarding this application should reference the control number.

Yours truly,

*signed*

Karen H. Bryant  
Director for District Licensing

Enclosures: Standard Requirements  
Minimum Policies and Procedures  
Survey Letter