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

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50 Fremont Street, Suite 3900  
San Francisco, CA 94105  
(415) 545-5900, FAX (415) 545-5925

January 29, 1997

**Conditional Approval #227  
January 1997**

Board of Directors  
Attn: Randal L. Hankins  
President

**Dillard National Bank**  
P.O. Box 52005  
Phoenix, AZ 85072

Re: **Application to relocate head office**  
CAIS Number: 96-WE-07-0027

Dear Mr. Hankins:

This is to inform you that on December 19, 1996, the Office of Comptroller of the Currency (OCC) conditionally approved your proposal to relocate your main office from 9809 Metro Parkway West, Phoenix AZ to 396 North William Dillard Boulevard, Gilbert, AZ. The bank is presently located in a Dillard department store which has been sold to a competing retail company effective January 1, 1997.

Conditional approval is granted based on a thorough review of all the information available, including representations made by you and your representatives in the application, subsequent correspondence, and telephone conversations.

As you should be aware, the OCC takes a bank's CRA record into account when considering applications to relocate. The OCC assigned Dillard National Bank a "Needs to Improve" rating under the Community Reinvestment Act (CRA) after a 1994 examination. OCC examiners are currently conducting a new CRA examination of the bank.

Accordingly, approval to relocate is granted subject to the following condition:

If the examination in process results in a CRA rating of "Needs to Improve" or "Substantial Noncompliance":

1. Within sixty days after receipt of the Report of Examination (ROE) the bank shall submit a plan that is satisfactory to the OCC. The plan must specify how each CRA

weakness identified in the new ROE will be corrected, and it must include specific performance targets. The bank shall deliver the plan to the Compliance Management in OCC's Western District Office located at 50 Fremont Street, Suite 3900, San Francisco, CA 94105-2292, with a copy to Compliance Management in OCC's Headquarter's located at 250 E. Street SW, Washington, D.C. 20219; and

2. After OCC's approval of the plan the bank shall adhere to the plan. The bank shall file with Compliance Management in the Western district Office quarterly progress reports of its performance documenting compliance with the plan. The first report is due at the end of the first full calendar quarter after the OCC has approved the plan.

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 condition is enforceable under 12 U.S.C. 1818.

You may consider the condition to be terminated if the examination in process results in a CRA rating of "Satisfactory" or "Outstanding."

The relocation must be completed within 18 months from this date or the conditional approval shall automatically terminate unless the OCC has granted an extension of the time period. The District Office must be advised in writing at least 10 days in advance of the effective date desired for the relocation so that the OCC may issue the necessary approval letter authorizing the action.

If you have any questions, contact me or Senior Corporate Analyst Zack Barbieri at (415) 545-5900. Please include the application control number in all correspondence.

Yours truly,

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William S. Glover  
Acting District Administrator

RE: CONTROL NUMBER: 96-WE-07-027