

**OFFICE OF THRIFT SUPERVISION**

**APPROVAL OF AN APPLICATION FOR CONVERSION TO  
FEDERAL SAVINGS BANK CHARTER AND  
HOLDING COMPANY APPLICATION**

**Order No.:** 99- 84

**Date:** December 17, 1999

Nordstrom National Credit Bank, Scottsdale, Arizona (the "Bank"), has applied to the Office of Thrift Supervision (the "OTS"), pursuant to 12 U.S.C. § 1464 and 12 C.F.R. § 552.2-6 for permission to convert from a national bank to a federal savings bank (the "New FSB"). In addition, Nordstrom, Inc., Seattle, Washington (the "Holding Company") and Certain Nordstrom Family Trusts (collectively, the "Holding Companies"), seek approval under 12 U.S.C. § 1467a(e) and 12 C.F.R. § 574.3 to acquire the New FSB (collectively, the "Applications").

The OTS has considered the Applications under the factors set forth in 12 U.S.C. §§ 1464(e) and 1467a(e) and 12 C.F.R. §§ 552.2-1(b)(1), 552.2-6 and 574.3 and other applicable statutes and regulations. The OTS also has considered the Applications under the Community Reinvestment Act (the "CRA"), 12 U.S.C. § 2901 *et seq.*, and the OTS regulations thereunder at 12 C.F.R. Part 563e. The OTS has considered a digest from the West Regional Office, an analysis prepared by the Office of Examination and Supervision and a legal opinion from the Business Transactions Division (collectively, the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, the OTS finds that the Applications satisfy the applicable approval standards, provided that the following conditions are complied with in a manner satisfactory to the West Regional Director, or his designee ("Regional Director"). Accordingly, the Applications are hereby approved, subject to the following conditions:

1. The Holding Company and the Bank must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the West Regional Office;
2. The proposed transaction must be consummated no later than 120 calendar days after the date of this approval order;
3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officer of the Holding Company and the Bank must certify in writing to the OTS West Regional Office that no material adverse changes have occurred with respect to the financial condition or operation of the Holding Company and the Bank since the date of the financial statements submitted with the Applications;
4. The New FSB must advise the West Regional Office, in writing, within five (5) calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Applications and this Order;

5. Prior to consummating the proposed conversion, the Bank must implement a compliance management program that covers its new lending- and deposit-related operations that includes, at a minimum, the following components:
  - a) the assignment of specific compliance responsibilities to individuals who are knowledgeable and experienced in administering consumer protection, nondiscrimination, and other compliance laws administered by the OTS;
  - b) regular and comprehensive self-assessment reviews to ensure compliance on a day-to-day basis;
  - c) periodic compliance audits;
  - d) comprehensive training for all affected staff;
  - e) an ongoing system for assuring compliance with federal fair lending statutes and regulations, and for handling consumer inquiries and complaints; and
  - f) appropriate written policies and procedures;
6. No later than 30 days after the end of each calendar quarter, the New FSB must submit a status report, in a form acceptable to the Regional Director, that details the implementation of its compliance management and fair lending programs and the results of its compliance monitoring efforts as required by the compliance management program. This quarterly report is required until such time as the Regional Director deems it no longer necessary;
7. The New FSB must collect borrower income and geography data for each of its credit programs. Prior to consummating the proposed conversion, the Bank must submit a proposed methodology for collecting loan distribution data by borrower income and geography for the New FSB's credit card and other consumer lending programs. This methodology must be acceptable to the Regional Director, and must apply to all of the New FSB's credit applications, and not just those within its assessment areas. The data that is collected must be sufficient to enable the OTS to evaluate the New FSB's CRA performance;
8. No later than 30 days after the end of each calendar quarter, the New FSB must submit a status report, in a form acceptable to the Regional Director, detailing:
  - a) the results of its various lending programs and initiatives; and
  - b) its levels of lending to low- and moderate-income individuals and communities.

This quarterly report is required until such time as the Regional Director deems it no longer necessary;

9. At least 40 percent of the New FSB's board of directors must be individuals who are not

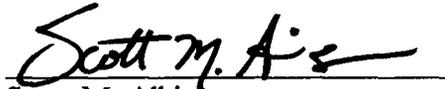
officers or employees of the New FSB, the Holding Companies, or affiliates thereof and at least one member of the New FSB's board of directors must be an individual who is not an officer, director, or employee of the Holding Companies or their affiliates and are not officers or employees of the New FSB. At least 50 percent of the New FSB's audit and investment committees must be directors who are not officers or employees of the New FSB, the Holding Companies, or any affiliates. If compliance with this condition involves the selection of additional director(s), each director must receive the prior approval of the Regional Director;

10. For proposed officers of the New FSB not yet identified and/or for which background materials have not yet been submitted, all required background information and materials must be submitted and the prior non-objection of the Regional Director must be received before any such proposed officer may be employed by the New FSB;
11. The New FSB must operate within the parameters of its business plan. The New FSB must submit any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the Holding Companies), and in particular, those pertaining to cross-marketing of products of the New FSB and any affiliates, for the prior written non-objection of the Regional Director. The request for change must be submitted a minimum of 60 days before the proposed change is proposed to be implemented;
12. The Holding Companies, their affiliates, and the New FSB must comply with the anti-tying restrictions of 12 U.S.C. § 1464(q) and 1467a(n) and must develop written procedures to effect such compliance. The procedures must disclose any proposed bundling arrangements and must be submitted for review and non-objection of the Regional Director at least 30 calendar days prior to the commencement of the cross-marketing activity; and,
13. At least 30 days prior to opening for business, the New FSB must submit written evidence, acceptable to the Regional Director, that its data systems, programs, software and business applications will operate properly on and after January 1, 2000. The submission must include a copy of the business resumption contingency plan and evidence of successful Year 2000 testing.

In addition, the OTS concludes, based upon the Staff Memoranda, that grounds exist under 12 U.S.C. § 1464(q)(6) to grant an exemption from 12 U.S.C. § 1464(q)(1) to permit the New FSB to continue to offer its private label credit cards. Accordingly, pursuant to 12 U.S.C. § 1464(q)(6), the OTS grants an exemption from 12 U.S.C. § 1464(q)(1) to permit the New FSB to continue to offer its private label credit cards.

Any time period specified herein may be extended by the Regional Director, for good cause, for up to 120 calendar days.

By order of the Director of the Office of Thrift Supervision, or her designee, effective  
*December 17, 1999.*

A handwritten signature in black ink, reading "Scott M. Albinson", written over a horizontal line.

Scott M. Albinson  
Managing Director  
Office of Supervision