



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Conditional Approval #257
October 1997

October 7, 1997

Mr. Leonard J. Rubin
Bracewell & Patterson, L.L.P.
2000 K Street, NW
Suite 500
Washington, DC 20006-1872

Re: Application by IBAA Bancard, Inc. ("Bancard"), to charter a national CEBA credit card bank with the title of "TCM Bank, National Association"
Application Control Number: 97-SE-01-0012

Dear Mr. Rubin:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national CEBA credit card bank with the title of "TCM Bank, National Association" ("Bank") to be located in Tampa, Florida. On October 7, 1997, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary conditional approval.

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 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.

The OCC also granted your request for a waiver of the residency requirements of 12 U.S.C. §72 for a majority of the board of directors. This waiver is granted based upon a review of all available information, including the filing, subsequent correspondence and telephone conversations, and the bank's representations that this waiver will not affect the Board's responsibility to direct the bank's operations in a safe, sound and legal manner. Please understand that 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.

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Your request that the proposed bank be designated a limited purpose institution for the purposes of the Community Reinvestment Act was approved by the Community and Consumer Policy Division on September 16, 1997. You should have received a separate letter regarding this approval. Please note that you are to submit a CRA plan to the Southeastern District Office for their review prior to the bank opening for business.

The proposed Bank must take steps to ensure that internal systems will be Year 2000 compliant and the proposed Bank must perform due diligence to ensure that any third-party data processing services or purchased applications or systems from software vendors will also be Year 2000 compliant. In addition, each vendor is to certify its Year 2000 compliance through covenants in the vendor contract.

It is noted that the proposed Bank will have directors who are also directors of non-affiliated depository institutions. Please be mindful that, if at any time, one institution has assets in excess of \$1.5 billion and the other has assets in excess of \$2.5 billion, the Depository Institution Management Interlocks Act may prohibit the interlocking directorate.

The operating plan will provide the context for the supervisory review at the pre-opening examination. Major deviations from the plan or changes in the composition of the board of directors, ownership, or chief executive officer that the OCC has not approved may result in withdrawal of preliminary conditional approval. Please note that all relevant financial documents should reflect the Bank as a stand alone entity.

Approval of the charter is subject to the following conditions:

1. The Bank must obtain the prior approval of the Federal Deposit Insurance Corporation (FDIC) to become an "insured depository institution" within the meaning of 12 U.S.C. §1813(c)(2).
2. The Bank will maintain status as an "insured depository institution" within the meaning of 12 U.S.C. §1813(c)(2).
3. At the earliest practicable time, the Bank will provide notice to the OCC of any action initiated or taken by the FDIC that is directed toward termination of the Bank's status as an insured depository institution.
4. In the event the FDIC initiates or takes any action to terminate the Bank's status as an "insured depository institution," the Bank must request and obtain the prior approval of the OCC before continuing operation as a non-FDIC insured national bank. In determining

whether to approve the continued operation by the Bank as an uninsured national bank, the OCC may impose additional conditions upon the Bank. Such conditions shall be regarded as "conditions imposed in writing by the agency in connection with the granting of any application or other request by the depository institution" within the meaning of 12 U.S.C. §1818.

5. The limitations of the Bank's activities must be enumerated fully in its Articles of Association. Specifically, the articles must state:
 - The business of the association will be limited to that of a national credit card bank, as specified in the Competitive Equality Banking Act (CEBA) of 1987, and
 - The Bank must obtain the prior written approval of the OCC before amending its Articles of Association to expand the scope of its activities and services.
6. The Bank must maintain on file on its premises current financial information on the Independent Bankers Association of America and IBAA Bancard, Inc., i.e., audited annual financial reports, quarterly financial statements, 10-K and 10-Q reports, 8-K reports as appropriate, and any other publicly available financial data required to be prepared by the Association and Bancard to keep members apprised of their financial condition. The financial information must be provided to the Bank's supervisory office once it becomes available.

It is to be expressly understood that the OCC's authority to impose conditions under # 4 above, is in addition to, and not in substitution of, any other authority the OCC presently possesses -- or may come to possess -- for uninsured national banks.

Please be advised that the above conditions shall be deemed to be conditions "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.

The Bank may offer credit life, health, and accident insurance in accordance with 12 C.F.R. 2.

In addition, our approval is based on the following representation made by the applicant in connection with its application to charter the Bank:

Any services performed by affiliates for the Bank and payments to said affiliates by the Bank will be rendered pursuant to contracts which comply with federal laws and regulations, reflect safe and sound practices, and are at costs similar to what the Bank would pay an independent third party for the same services. The contracts are to be submitted to the Southeastern District Office for review at or before you establish corporate existence.

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The OCC has no objection to the following persons serving as executive officers as proposed in the application: Michael J. Hosemann as President and Chief Executive Officer and Harold De Vries as Chief Financial Officer. Additional executive officers and the positions of Assistant Funding and Credit Officers are subject to the OCC's prior review and clearance. Also, please note that the OCC requires the Bank to obtain prior approval of additions or changes in officers and directors for two years after the Bank opens for business.

The organizers may now establish the corporate existence of the Bank and forward the Articles of Association and Organization Certificate to the Southeastern District Office within 30 days. As a legal entity, you may begin to take 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 final approval is granted (See Corporate Organizational Booklet enclosed).

Enclosed are procedural requirements that must be met before the Bank will be allowed to commence business. Please note that some of the requirements referenced in the enclosed package may not be applicable since the Bank's activities will be limited to those of a national CEBA credit card bank. Management must ensure that the applicable policies and procedures are established and adopted by the Board of Directors before the Bank commences business.

We require that, prior to opening, the Bank engage an independent, external auditor to perform an audit according to generally accepted auditing standards of sufficient scope to enable the auditor to render an opinion on the financial statements of the Bank. The audit period shall commence on the date that the organizing group forms a body corporate and may end on any calendar quarter-end no later than 12 months after the Bank opens. We expect that such audits will be performed on an annual basis for at least five years following commencement of operations. Engagement of an auditor will be verified during the pre-opening examination.

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

You should direct any questions concerning this preliminary conditional approval to John Stein, Licensing Manager, in the Southeastern District Office at (404) 588-4525 or me at (202) 874-5060.

Sincerely,

/s/

Troy L. Dixon
Director for Corporate Activity

Enclosures: Corporate Organizational Booklet

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Minimum Policies and Procedures
Procedural Requirements