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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**Corporate Decision #98-04**  
**January 1998**

November 21, 1997

Patrick J. Kennedy, Jr.  
Attorney  
Kennedy & Baris, L.L.P.  
112 E. Pecan, Suite 1775  
San Antonio, Texas 78205-1561

Re: Application by Mr. Stewart J. Armstrong to charter a national bank with the title  
“CrediCard National Bank,” San Antonio, Texas  
Application Control Number: 97-SW-01-0007

Dear Mr. Kennedy:

The Office of the Comptroller of the Currency (OCC) has reviewed the application submitted on behalf of your client to establish a new national credit card bank with the title, CrediCard National Bank (“Bank”), which will engage solely in credit card related activities. On November 21, 1997, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary 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 bank’s representatives. It is represented in the application that initial activities will be limited to those of a national credit card bank. Therefore, the Bank should limit its activities through the Articles of Association. If the Bank wishes to expand its activities, including engaging in securitization activities, and become a full service commercial bank, the Bank must contact the OCC and request approval to expand its services. Also, it is understood that the proposed national bank will apply for membership in the Federal Reserve System.

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.

Your request that the proposed bank be designated a limited purpose institution for the purposes of the Community Reinvestment Act was approved on July 30, 1997. You received a separate letter regarding this approval.

The organizers are reminded that the bank may offer credit life, credit health, and accident insurance as permitted by 12 CFR 2.

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 approval.

The organizers may now establish the corporate existence of the Bank and forward the Articles of Association and Organization Certificate to the Southwestern District Office within thirty days. As a legal entity, the organizers may begin to take those steps necessary for obtaining final approval, but they may not begin the business of banking until they fulfill all requirements for a bank in organization and final approval is granted (See Corporate Organizational Booklet enclosed).

Enclosed are the 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 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. All requirements contained in this letter, including the enclosed procedural requirements, must be satisfied before the bank will be allowed to commence business.

In addition to the enclosed procedural requirements, 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 has no objection to the following persons serving as executive officers as proposed in the application: Stewart J. Armstrong as Chief Executive Officer and President, and Clyde R. Helt as Vice-President for Credit. Additional executive 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 executive officers for two years after the Bank opens for business.

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The Bank will have one director who is also a director of a non-affiliated depository institution. Please note, 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 OCC will send to you under a separate cover an appropriate set of OCC handbooks, manuals, issuances and other select publications.

You should direct any questions concerning this preliminary conditional approval to me at (202) 874-5060 or Licensing Manager Michael K. Hughes in the Southwestern District Office, at (214) 720-7052.

Sincerely,

/s/

Troy L. Dixon  
Director for Corporate Activity  
Bank Organization and Structure

Enclosures: Corporate Organizational Booklet  
Minimum Policies and Procedures  
Procedural Requirements