

AGREEMENT BY AND BETWEEN  
CrediCard National Bank  
Tucson, Arizona  
and  
The Comptroller of the Currency

CrediCard National Bank, Tucson, Arizona, (“Bank”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors, other customers, and shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller has found unsafe and unsound banking practices relating to supervision of the affairs of the Bank.

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors (“Board”), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

ARTICLE I

JURISDICTION

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. § 5.51(c)(6)(ii). See 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) This Agreement shall cause the Bank not to be designated as an “eligible bank” for purposes of 12 C.F.R. § 5.3(g), unless otherwise informed in writing by the Comptroller.

(6) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to the:

George Orsino  
Assistant Deputy Comptroller  
Midsize Bank Supervision  
4 Greenwood Square  
Suite 120  
3325 Street Road  
Bensalem, PA 19020

With a copy to:

Robert E. Piepergerdes  
Supervisory Team Leader  
Credit Card Bank Supervision  
7101 College Blvd, Suite 1600  
Overland Park, KS 66210

## ARTICLE II

### CAPITAL PLAN

(1) Within sixty (60) days of the date of this Agreement, the Board shall develop, implement, and thereafter ensure adherence to a written plan (hereafter the Bank’s “Capital Plan”), complete with specific time frames that returns the capital position to a level appropriate for the Bank’s risk and ongoing business plan. At a minimum, the Bank’s Capital Plan shall address or include:

- (a) Projections for growth and capital requirements;
- (b) Projections for the source and timing of additional capital to meet current and future operational needs;
- (c) Primary sources from which the Bank will strengthen the capital structure;
- (d) Contingency plans that identify alternative methods should the primary source(s) under paragraph (c) above not be available; and
- (e) A dividend policy that permits the declaration of a dividend only:
  - (i) When the Bank is in compliance with its approved Capital Plan;
  - (ii) When the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
  - (iii) With the prior written determination of no supervisory objection by the Assistant Deputy Comptroller.

(2) Prior to adoption by the Board, a copy of the Bank's Capital Plan shall be forwarded to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall immediately implement and adhere to the Capital Plan.

### ARTICLE III

#### CREDIT RISK MANAGEMENT PROGRAM

(1) The Board shall develop, implement, and thereafter ensure Bank adherence to a written credit risk management program, that is consistent with the size, complexity, and geographic diversification of the Bank's business model and corporate structure, and the Comptroller's Handbook, Bank Supervision Process, dated April 1996, including any

modifications and/or updates thereto.

(2) The Bank's credit risk management program shall include the development of a comprehensive credit risk management infrastructure to oversee lending activity that includes, at a minimum, the following:

- (a) A review and revision, as necessary, of all policies and processes to ensure that they meet applicable regulatory guidelines and industry standards;
- (b) Where policies and procedures are lacking or absent, the Bank shall develop, implement, and thereafter adhere to policies and procedures that meet applicable regulatory guidelines and industry standards;
- (c) An adequate management information system that makes accurate and timely measures of risk in a manner that is reflective of the complexity and levels of risk assumed, including risk reports by product;
- (d) Procedures to ensure that Bank staffing is sufficient, that Bank employees and management have the necessary skills to effectively execute or supervise the current and new business risks within the Bank; and
- (e) Establishing a comprehensive and reliable portfolio review program to ensure compliance with policies and procedures, and applicable laws, regulations, and guidelines.

(3) Within sixty days of the date of this Agreement, the Board shall develop a plan and submit it to the OCC for prior written determination of no supervisory objection, that ensures a qualified credit risk manager is employed who can develop adequate management information systems to achieve and sustain compliance with this Article and has demonstrated experience

and skills to assess risks in the loan portfolio (“Credit Risk Manager”).

(4) Prior to the employment of any Credit Risk Manager, the Board shall submit the name and qualifications of the proposed individual to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

#### ARTICLE IV

##### CREDIT CARD ADMINISTRATION

(1) The Board shall develop, implement, and thereafter maintain an effective management information system which facilitates risk identification, establishes controls, and delivers accurate information for timely review regarding the Bank’s deferred payment programs. The Bank shall perform an analysis, by merchant, of all deferred payment programs currently in place and performance summaries of these programs. The analysis and summaries shall include the:

- (a) Number of accounts in deferred status, origination date, terms, and current status, and percentage of balances to total balances by merchant;
- (b) Performance history of accounts while in deferred payment status to include accounts that pay in full during the deferred period, accounts that make more than token payments, and accounts that do not make any payments; and
- (c) Performance history of the accounts once the deferred period ends.

(2) The Board shall ensure Bank compliance with all regulatory issuances, including OCC Bulletins and OCC Advisory Letters, including, but not limited to: OCC Bulletin 2001-47,

OCC Bulletin 2003-1, OCC Advisory Letter 2004-4, OCC Advisory Letter 2004-1, and OCC Bulletin 2000-20 titled “Uniform Retail Credit Classification and Account Management Policy.”

(3) To the extent that any regulatory issuance specified in this Agreement is amended, the Bank shall ensure compliance with the applicable regulatory issuance, as amended.

(4) On an annual basis, the Bank shall formally review the credit performance of accounts following the deferred period that roll to revolving.

(5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

## ARTICLE V

### UNDERWRITING STRATEGY

(1) Within sixty (60) days of the date of this Agreement, the Board shall develop a written policy for testing significant proposed changes to underwriting standards, new product introduction, and changes to the Bank’s lending philosophy. The written policy shall include, at a minimum;

- (a) Standardization of testing goals, objectives, and criteria,
- (b) Projections of expected results from the test;
- (c) Duration of the testing period; and
- (d) Assignment of responsibilities for various stages of the testing.

(2) The Board shall ensure that the Bank has sufficient processes, personnel, and control systems, including adequate management information systems, to effectively implement and adhere to the requirements of this Article, including that the Bank has personnel who are sufficiently trained and possess the necessary skills to properly manage the management information systems and reach meaningful conclusions.

## ARTICLE VI

### ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within sixty (60) days of the date of this Agreement, the Board shall adopt, implement, and thereafter ensure adherence to written policies and procedures for maintaining an adequate Allowance for Loan and Lease Losses (“Allowance”) in accordance with Generally Accepted Accounting Principles. The Allowance policies and procedures shall be consistent with the guidance set for in the Federal Financial Institutions Examination Council’s “Interagency Policy Statement on the Allowance for Loan and Lease Losses” dated December 13, 2006 (OCC Bulletin 2006-47), and the “Policy Statement on Allowance for Loan and Lease Losses Methodologies and Documentation for Bank and Savings Institutions” dated July 20, 2001 (OCC Bulletin 2001-37), and shall at a minimum include:

- (a) Adjusting the Bank’s historical charge-off calculation to one that is more reflective of current trends and conditions;
- (b) Performing an analysis of recent underwriting changes and incorporating their analysis into the ALLL adequacy determination;
- (c) Performing an analysis of the deferred payment programs and the effect

the programs have on delinquency and loss trends and reserve for these factors accordingly;

- (d) Using the higher of the historical net loss analysis and the roll-rate analysis estimates when assessing Allowance adequacy;
- (e) Using other judgmental factors when determining Allowance adequacy;
- (f) Periodically validating the adequacy of specific factors used in determining Allowance adequacy; and
- (g) Performing a complete analysis of certain high risk accounts specified in the Report of Examination dated October 27, 2008, and, if necessary, setting aside a specific allocation for potential loss in their portfolios.

(2) The program shall provide for a process for summarizing and documenting, for the Board's review and approval, the amount to be reported in the Call Reports for the Allowance. Any deficiency in the Allowance shall be remedied in the quarter it is discovered, prior to the filing of the Call Report, by additional provisions from earnings. Written documentation shall be maintained indicating the factors considered and conclusions reached by the Board in determining the adequacy of the Allowance.

## ARTICLE VII

### MERCHANT DUE DILIGENCE

(1) Before entering into any contractual arrangement with any new merchant, the Bank shall develop a comprehensive due diligence review program. The due diligence review program shall include, at a minimum:



- (a) An assessment of the financial strength of the merchant and a determination of the ongoing viability of the merchant;
  - (b) Identification and assessment of the legal, compliance, and reputation risks that the merchant may present; and
  - (c) Forecasts that project the estimated profitability, volume of business, and credit performance expectations of the proposed relationship.
- (2) For current and ongoing merchant relationships, the Bank shall perform an annual review of the relationship that includes, at a minimum:
- (a) A financial analysis of the relationship;
  - (b) Comparison of actual performance to forecast; and
  - (c) Any other matters of relevance between the Bank and merchant.
- (3) The Board shall review and approve the aforementioned analysis with regard to any proposed new merchant and existing and continuing merchants.

## ARTICLE VIII

### LIQUIDTY CONTINGENCY MANAGEMENT PROGRAM

- (1) Within sixty (60) days of the date of this Agreement, the Board shall develop a program to ensure the Bank maintains adequate sources of liquidity in relation to the Bank's needs ("Liquidity Plan"). The Liquidity Plan shall include, at a minimum:
- (a) An analysis of the continuing availability and volatility of present funding sources;
  - (b) Projections for capital and liquidity requirements based upon a detailed

analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;

- (c) Identification of the primary source(s), especially those that are not credit sensitive or brokered deposits, from which the Bank will strengthen its liquidity and capital structure to meet the Bank's needs;
- (d) Contingency plans that identify alternative funding sources should the primary source(s) under subparagraph (c) not be available;
- (e) Strategies for meeting liquidity shortfalls during crises scenarios; and
- (f) Specific triggering events and/or limits, as appropriate, that if met or exceeded shall require the Bank to implement the contingency funding plan and improve liquidity.

(2) Within thirty (30) days of the date of this Agreement, and every thirty (30) days thereafter, management shall prepare monthly reports that set forth liquidity requirements and sources, and provide relevant information to the Board in order to manage, monitor, and control liquidity risk in an effective manner.

## ARTICLE IX

### PRODUCTS AND SERVICES - EXISTING OR NEW

(1) Prior to the Bank's involvement in any new products or services the Board shall prepare a written analysis of said product or service. The analysis shall, at a minimum, include the following:

- (a) an assessment of the risks and benefits of the product or service to the

Bank;

- (b) an explanation of how the product or service is consistent with the Bank's strategic plan;
- (c) an evaluation of the adequacy of the Bank's organizational structure, staffing, MIS, internal controls and written policies and procedures to identify, measure, monitor, and control the risks associated with the product or service; and
- (d) a profitability analysis, including growth projections and interest rate risk.

(2) Prior to the Bank's involvement in the new product or service, a copy of the analysis shall be submitted to the Assistant Deputy Comptroller.

## ARTICLE X

### CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior written determination of no supervisory objection, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the

Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

/s/  
George J. Orsino  
Assistant Deputy Comptroller  
Midsize Bank Supervision

4/28/2009  
Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/ Stewart L. Armstrong	4/28/09 Date
/s/ Mia Armstrong	4/28/09 Date
/s/ C. Coble Armstrong	4/28/09 Date
/s/ S. Larkin Armstrong, Jr.	4/28/09 Date
/s/ Linda Hahn	4/28/09 Date
/s/ Howard P. Newton	4/28/09 Date