

OFFICE OF THRIFT SUPERVISION

Application to Form an Operating Subsidiary

Order No.: 96-88

Date: August 29, 1996

The USAA Federal Savings Bank, San Antonio, Texas, (the "Savings Bank") has filed an application with the Office of Thrift Supervision ("OTS") under 12 C.F.R. § 545.81 to establish an operating subsidiary ("Operating Subsidiary") to engage in credit card operations under a state bank charter.

The OTS has reviewed the application under 12 C.F.R. § 545.81, and has determined that it meets the criteria for approval, provided that the conditions set forth below are satisfied. Accordingly, the application is hereby approved subject to the following conditions:

1. The activities of the Operating Subsidiary shall be conducted in accordance with the representations made in the Savings Bank's application. In particular, the Operating Subsidiary agrees to:

- (i) engage only in credit card operations;
- (ii) not accept demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties or others;
- (iii) not accept any savings or time deposits less than \$100,000;
- (iv) maintain only one office that accepts deposits; and
- (v) not engage in the business of making commercial loans.

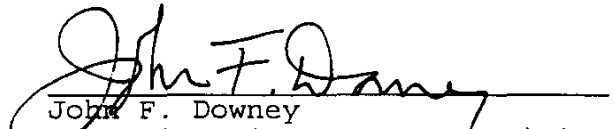
2. The Intercompany Funding Agreement ("Funding Agreement") between Operating Subsidiary and USAA Capital Corporation will be revised to reflect that the Operating Subsidiary will not engage in the business of making commercial loans. A copy of the revised Funding Agreement shall be provided to the OTS Midwest Regional Director.

3. All joint advertisements by the Savings Bank and the Operating Subsidiary shall clearly identify the entity offering

the specific product or service.

4. The Savings Bank will submit copies of the policies and procedures designed to implement the Funding Agreement to the OTS Midwest Regional Director, or his designee, for approval.

By Order of the Director of the Office of Thrift
Supervision, or his designee, effective August 29, 1996 .


John F. Downey
Executive Director, Supervision