

OFFICE OF THRIFT SUPERVISION

APPROVAL OF APPLICATION FOR CONVERSION TO FEDERAL SAVINGS
BANK CHARTER, HOLDING COMPANY ACQUISITION AND TRUST POWERS

ORDER NO.: 97-120

DATE: November 24, 1997

Travelers Group, Inc., CCC Holdings, Inc. and Commercial Credit Company (jointly, the "Holding Companies"), seek approval of the Office of Thrift Supervision (the "OTS") to convert The Travelers Bank, Newark, Delaware (the "Bank"), from a Delaware-chartered commercial bank to a Federal stock savings bank (the "New FSB") pursuant to 12 U.S.C. § 1464(e) and 12 C.F.R. § 552.2-6; to acquire the New FSB pursuant to 12 U.S.C. § 1467a(e) and 12 C.F.R. § 574.3; and for the New FSB to engage in trust operations pursuant to 12 U.S.C. § 1464(n) and 12 C.F.R. §§ 545.96 and 550.2 (together, the "Applications"). The Bank has deposits insured by the Bank Insurance Fund ("BIF") and proposes to retain BIF deposit insurance after the conversion.

The OTS has considered the Applications, as supplemented by representations by the Holding Companies, the Bank and their attorneys, under the factors set forth in 12 U.S.C. §§ 1464(e), 1464(n) and 1467a(e) and 12 C.F.R. §§ 545.96, 550.2, 552.2-1, 552.2-6 and 574.3, and under the Community Reinvestment Act, 12 U.S.C. § 2901 et seq., and the OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, the OTS has considered a digest from the Northeast Regional Office, an analysis prepared by Corporate Activities, an analysis from Compliance Policy and a legal opinion from the Business Transactions Division. Furthermore, the OTS has considered comments on the Applications submitted by Inner City Press/Community on the Move, Bronx, New York, and Delaware Community Reinvestment Action Council, Inc., Wilmington, Delaware.

This approval order shall also serve as notice to the New FSB that the OTS reserves the authority to evaluate the appropriateness of marketing disclosures as they pertain to the differentiation between insured and uninsured products by having its examiners periodically, and without identification as OTS employees, solicit the New FSB, the \$.M.A.R.T. offices or individual agents for information on nondeposit investment or insured products.

For the reasons set forth in the Northeast Regional Office digest, the analysis from Corporate Activities, an analysis from Compliance Policy and the Business Transactions Division legal opinion, the Director finds that the Applications satisfy the applicable approval standards, provided that the conditions set forth below are satisfied. Accordingly, the Applications are hereby approved, subject to the following conditions:

1. The proposed transaction shall be consummated no later than 120 calendar days after the date of this approval order, unless an extension is granted for good cause by the Northeast Regional Director, or his designee ("Regional Director");
2. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the Bank and the Holding Companies shall certify to the Regional Director, in writing, that no material adverse events or material adverse changes have occurred with respect to the financial condition or operations of the Bank and the Holding Companies since the date of the financial statements submitted with the Applications;
3. The Bank will obtain all required regulatory and shareholder approvals prior to consummation, will act to satisfy all requirements and conditions imposed by the OTS, and will comply with all applicable laws, rules and regulations;
4. No later than 5 calendar days from the date of consummation of the conversion, the New FSB shall file with the Regional Director, a certification by legal counsel stating the effective date of the conversion and that the conversion has been consummated in accordance with the provisions of all applicable laws and regulations, the Applications, this Order and the representations by the Holding Companies, the Bank and their attorneys;
5. The New FSB and the Holding Companies' subsidiary securities brokerage entities, or any of the Holding Companies' subsidiaries that engage in securities brokerage ("Broker Dealer") must be operated as separate legal entities so that: 1) their respective accounts and records are not intermingled, 2) each observes the procedural formalities of separate legal titles, 3) each is held out to the public as a separate enterprise, and 4) neither dominates the other to the extent that one is treated as a mere department of the other;
6. A majority of the New FSB's board of directors must not be comprised of individuals who are directors or employees of any securities affiliate;
7. The New FSB and the Broker Dealer are prohibited from sharing common officers unless prior written approval is obtained from the Regional Director, which shall be based on criteria such as regulatory compliance, experience, character, integrity and the ability to perform both duties;

8. With respect to transactions between the New FSB and the Broker Dealer, the New FSB and the Broker Dealer must take measures necessary to ensure that their officers and directors adhere to the principles set forth in OTS regulations on conflicts of interest, 12 C.F.R. Section 563.200; corporate opportunity, 12 C.F.R. Section 563.201; self-dealing, 12 C.F.R. Section 550.10; and any other additional or successor statements of policy or regulations addressing these subjects. The officers and directors of the New FSB and the Broker Dealer are prohibited from using their influence to: a) take advantage of a business opportunity for the securities affiliate's benefit when the opportunity is of present or potential advantage to the New FSB; or b) place the securities affiliate in a position that leads to, or could create the appearance of a potential conflict of interest;

9. The New FSB, its Holding Companies and the Broker Dealer are subject to the provisions of 12 C.F.R. Section 563.76, Offers and Sales of Securities at an Office of Savings Association, and related policy established in OTS Thrift Bulletins 23-2, InterAgency Statement on Retail Sales of Nondeposit Investment Products (the "InterAgency Statement"), and 23a, Limited Exceptions to Prohibitions on Sales of Savings Institution's Securities, and any additional or successor statements of policy or regulations addressing these subjects. The New FSB and the Holding Companies shall ensure compliance by the Broker Dealer with, at a minimum, the General Guidelines in Disclosures and Advertising set forth in the InterAgency Statement whenever the Broker Dealer or their representatives market, or offer for sale, deposit products of the New FSB;

10. The New FSB shall operate within the parameters of the submitted business plan. Any proposed major deviations or material changes from the submitted plan, and in particular those pertaining to the cross-marketing of deposit and non-deposit products, shall receive the prior written non-objection of the Regional Director. The request for change shall be submitted a minimum of 30 days before the proposed change is anticipated. In the event of a proposed contractual change involving service providers, a revised plan shall be submitted to the Regional Director a minimum of 15 days prior to entering into the contract;

11. Any contracts or agreements pertaining to transactions with affiliates not yet submitted to the OTS for review shall be provided to the Regional Director and shall receive his written non-objection prior to execution;

12. The New FSB's CRA plan shall be subject to any future changes in requirements contained in regulatory policies or regulations that the OTS, on its own, or acting in concert with other financial institution regulatory agencies, determines are appropriate for depository institutions;

13. Any changes that the New FSB initiates to its CRA plan within the three year period following approval of the Applications shall be subject to the prior written approval of the Regional Director;

14. Within 90 days of consummation, the New FSB's Compliance Officer shall develop a plan to:

(a) monitor the sales practices of Primerica Financial Services Home Mortgages, Inc. ("PFS") representatives to ensure that all customers, particularly those who have applied for high loan-to-value ratio loans and for mortgages referred to in Section 103(aa) of the Truth in Lending Act, are properly and completely apprised of the financing options reasonably available to them through the New FSB and the costs and risks associated with each option;

(b) provide compliance training to PFS agents, underwriters and other appropriate personnel in the loan approval process on regulatory matters and consumer protection issues associated with high loan-to-value ratio loans and for mortgages referred to in Section 103(aa) of the Truth in Lending Act;

(c) place controls and review procedures in the loan approval process to ensure that, on applications for high loan-to-value ratio loans and for mortgages referred to in Section 103(aa) of the Truth in Lending Act, due consideration is given to the customer's ability to repay; and

(d) ensure that senior management of the New FSB exercises appropriate caution in approving the terms for high loan-to-value ratio loans and for mortgages referred to in Section 103(aa) of the Truth in Lending Act and addresses its ability to maintain the confidence of customers and the public in its lending operations.

The plan shall include provisions for semiannual reporting to the Regional Director on the activities conducted under the plan and the results of the plan. Such reports shall commence six months after consummation and continue for three years after consummation;

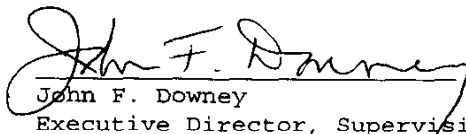
15. All agreements, policies and standards or contemplated changes in such agreements, policies and standards that pertain to the New FSB's payment of broker fees (currently 3.4% of the loan amount) provided to agents for the marketing of the New FSB's home equity loans, are subject to the prior written non-objection of the Regional Director;

16. The New FSB will, on a semiannual basis, analyze and report to the Regional Director progress made on the fulfillment of the lending commitments to low- and moderate-income borrowers it has included in its business plan. Increases to those lending commitments will be expected as operations under the business plan proceed; and

17. The New FSB shall not make any lending decisions, in whole or in part, on any prohibited basis including the age or location of a dwelling.

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

By Order of the Director of the Office of Thrift Supervision, or her designee, effective November 24, 1997.


John F. Downey
Executive Director, Supervision