OFFICE OF THRIFT SUPERVISION

APPROVAL OF APPLICATIONS FOR PERMISSION TO ORGANIZE A FEDERAL SAVINGS BANK AND HOLDING COMPANY ACQUISITION

Order No.: 99-47
Date: July 23, 1999

T. Rowe Price Associates, Inc., Baltimore, Maryland (the "Applicant"), has applied to the Office of Thrift Supervision ("OTS"), pursuant to 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 552.2-1 and 574.3, to organize and acquire T. Rowe Price Savings Bank, Baltimore, Maryland (the "Savings Bank"). (The foregoing are collectively referred to herein, as "the Applications.") The Savings Bank will be a member of the Savings Association Insurance Fund.

The OTS has considered the Applications under the standards set forth in 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 543.3, 552.2-1(b), and 574.7, and under the Community Reinvestment Act, 12 U.S.C. §§ 2901 et seq., and the OTS regulations thereunder, 12 C.F.R. Part 563e. The OTS has considered comments on the Applications submitted by Inner City Press/Community on the Move and Inner City Public Interest Law Center, Bronx, New York. In addition, the OTS has considered the digest by the OTS Southeast Regional Office ("Regional Office"), a legal opinion by the Business Transactions Division, and an analysis by Office of Examination and Supervision (collectively the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, the OTS has determined that the Applications satisfy all applicable statutory and regulatory criteria, provided that the conditions set forth below are complied with in a manner satisfactory to the Southeast Regional Director, or his designee ("Regional Director"). Accordingly, the Applications are hereby approved, subject to the following conditions:

1. The Applicant and the Savings Bank must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Regional Office;

2. The proposed transaction must be consummated within one hundred and twenty (120) calendar days from the date of this Order or within such additional period as the Regional Director may grant;

3. On the business day prior to the date of consummation of the proposed transaction, the Chief Financial Officers of the Applicant and the Savings Bank must certify in writing to the Regional Director that no material adverse changes have occurred with respect to the financial condition or operation of the Applicant and the Savings Bank, respectively, since the date of the financial statements submitted with the Applications;

4. Prior to the consummation of the proposed transaction, the Savings Bank must appoint a bank manager, acceptable to the Regional Director, who will be a full-time employee of the Savings Bank;
5. Prior to the consummation of the proposed transaction, two additional persons must be added to the board of directors of the Savings Bank;

6. At least 40 percent of the Savings Bank's board of directors must be comprised of individuals who are not officers or employees of the Applicant or affiliates thereof and at least one member of the Savings Bank's board of directors must be an individual who is not an officer, director or employee of the Applicant or any affiliate and who is not an officer or employee of the Savings Bank. At least 50 percent of the Savings Bank's audit and investment committees must be comprised of directors who are not officers or employees of the Savings Bank, the Applicant or any affiliates. If compliance with this condition involves the selection of additional director(s), each director must receive the prior approval of the Regional Director;

7. Prior to the consummation of the proposed transaction, the required background information must be submitted to the Regional Director for Mr. Alvin M. Younger, the proposed bank manager, and any other director or management official of the Applicant or proposed director or management official of the Savings Bank for which such information has not been previously submitted;

8. The Applicant and the Savings Bank must advise the Regional Office in writing within five calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction and of the Savings Bank's insurance of accounts and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Applications and this Order;

9. The Savings Bank must submit independent audit reports to the Regional Director for its first three fiscal years. These reports shall comply with the audit rules set forth in 12 C.F.R. § 562.4;

10. The Savings Bank must operate within the parameters of its business plan. Any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the Applicant) will require the Savings Bank to submit a revised business plan for the approval of the Regional Director. The request for change must be submitted a minimum of 60 calendar days before the proposed change is implemented;

11. At least 60 calendar days prior to engaging in any business activity other than that specifically proposed in the Applications, the Savings Bank must provide written notice for the non-objection of the Regional Director. The Regional Director, at his discretion, may require that the notice include a revised business plan. This condition may be terminated by the Regional Director;
12. Any contracts or agreements pertaining to transactions with affiliates must be provided to the Regional Director at least 30 calendar days prior to execution and must receive his written non-objection prior to implementation;

13. Any affiliate of the Applicant that engages in securities brokerage activities ("Broker Dealer affiliate") must be operated as a separate legal entity from the Savings Bank so that: (a) their respective accounts and records are not intermingled; (b) each observes the procedural formalities of separate legal titles; (c) each is held out to the public as a separate enterprise; and (d) neither dominates another to the extent that one is treated as a mere department of the other;

14. A majority of the Savings Bank's board of directors must not be comprised of individuals that are directors or employees of any Broker Dealer affiliate;

15. With the exception of Nancy M. Morris, the Savings Bank and any Broker Dealer affiliate are prohibited from sharing common officers unless prior written approval is obtained from the Regional Director, which must be based on criteria such as regulatory compliance, experience, character, integrity and the ability to perform both duties;

16. The Savings Bank and the Broker Dealer affiliate 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. § 563.200; corporate opportunity, 12 C.F.R. § 563.201; and any other additional or successor statements of policy or regulations addressing these subjects. The officers and directors of the Savings Bank and the Broker Dealer affiliate are prohibited from using their influence to: (a) take advantage of a business opportunity for the Broker Dealer affiliate's benefit when the opportunity is of present or potential advantage to the Savings Bank; or (b) place the Broker Dealer affiliate in a position that leads to, or could create the appearance of a potential conflict of interest;

17. The Savings Bank, the Applicant and the Broker Dealer affiliate are subject to the provisions of 12 C.F.R. § 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 Savings Bank and the Applicant shall ensure compliance by any Broker Dealer affiliate with, at a minimum, the General Guidelines in Disclosures and Advertising set forth in the InterAgency Statement whenever the Broker Dealer affiliate or their representatives market, or offer for sale, deposit products of the Savings Bank; and

18. At least 30 calendar days before beginning operations, the Savings Bank must submit written evidence, acceptable to the Regional Director, that the Savings Bank's Year 2000 efforts comply with the terms, milestone dates, requirements and conditions contained in all
Year 2000 guidance issued by the OTS and/or the Federal Financial Institutions Examination Council.

Any time period set forth herein may be extended for up to 120 days, for good cause, by the Regional Director.

By order of the Director of the Office of Thrift Supervision, or her designee, effective July 23, 1999.

Richard M. Riccobono
Deputy Director