

OFFICE OF THRIFT SUPERVISION

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

ORDER NO.: 98-50

DATE: May 13, 1998

Nationwide Mutual Insurance Company, Nationwide Corporation and Nationwide Financial Services, Inc., Columbus, Ohio (collectively, the "Holding Company"), have applied for approval of the Office of Thrift Supervision (the "OTS") pursuant to 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 552.2-1 and 574.3 for permission to organize and acquire Nationwide Trust Company, FSB, Columbus, Ohio (the "Savings Bank"), and pursuant to 12 U.S.C. § 1464(n) and 12 C.F.R. Section 550.2, for the Savings Bank to exercise full trust powers (collectively, "the Applications").

The Director or her designee (the "Director") has considered the Applications under the factors set forth in 12 U.S.C. §§ 1464(e), 1464(n) and 1467a(e), and 12 C.F.R. §§ 543.3, 550.2, 552.2-1, and 574.7 and other applicable statutes and regulations. The OTS also has considered the Applications 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 Director has considered a digest **from** the Central Regional Office, an analysis prepared by Corporate Activities and a legal opinion **from** the Business Transactions Division (collectively, the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, the Director finds that the Applications satisfy the applicable approval standards, provided that the following conditions are complied with in a manner satisfactory to the Central Regional Director, or his designee ("Regional Director"). Accordingly, the Applications are hereby approved, subject to the following conditions:

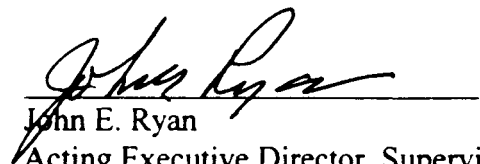
1. The proposed transaction shall be consummated no later than 120 calendar days after the date of this approval order, unless an extension is granted for good cause by the Regional Director:
2. On the business day prior to the date of consummation of the proposed transaction, the chief financial officer of the Savings Bank and the Holding Company 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 Savings Bank and the Holding Company, **respectively**, since the date of the financial statements submitted with the Applications:
3. The Savings Bank shall obtain **all** required regulatory and shareholder approvals prior to consummation, and will act to satisfy all requirements and conditions imposed by the OTS, and comply with all applicable laws, rules and regulations;

4. No later than 5 calendar days from the date of consummation of the proposed transaction, the Savings Bank shall file with the Regional Director a certification by legal counsel stating the effective date **of the** proposed transaction and of the Savings Bank's insurance of accounts, and that the transaction has been consummated in accordance with the provisions of all applicable laws and regulations. the Applications and this order;
5. The Savings Bank shall submit independent audit reports to the Regional **Office** for its first three fiscal years. These reports shall be in compliance with the audit rules set forth in 12 C.F.R. Section 562.4;
6. The Savings Bank shall operate within the parameters of its business plan. Any proposed major deviations or material changes from the plan will require the Savings Bank to submit a revised business plan for the approval of the Regional Director. The request for change shall be submitted a minimum of 30 days before the proposed change is implemented;
7. Prior to engaging in any business other than that permitted pursuant to OTS approval under section 5(n) of the HOLA, the Savings Bank must apply to the OTS, and receive approval of an application to engage in such business. The OTS will consider any such application under the standards set forth at section 5(e) of the HOLA and OTS regulations thereunder, and under the Community Reinvestment Act and OTS regulations thereunder at 12 C.F.R. Section 563e.29. Any such application may be subject to the public notice and comment procedures set forth at 12 C.F.R. Part 5 16, Subparts B and C;
8. Any contracts or agreements pertaining to transactions with affiliates, not yet submitted to the OTS for review, must be provided to the Regional Director at least 30 days prior to execution and must receive his written non-objection prior to implementation;
9. The Savings Bank shall submit to the Regional Office quarterly activity reports on the number and type of trust accounts serviced. the total asset values of these accounts and the minutes on the meetings of the Savings Bank's Trust Committee;
- IO. The service of Mr. Earl Garvin on the board of directors of the Savings Bank shall be conditioned upon the successful completion of an extensive background check;
- I 1. Any subsidiary of the Holding Company that engages in securities brokerage activities ("Broker Dealer affiliate") must be operated as a separate legal entity **from** the Savings Bank 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) none dominates another to the extent that one is treated as a mere department of the other;
12. **A** majority of the Savings Bank's board of directors must not be comprised of individuals who are directors or employees of any Broker Dealer affiliate;
13. The Savings Bank and the Broker Dealer affiliate 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;

14. With respect to transactions between the Savings Bank and any Broker Dealer affiliate, 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. Section 563.200; corporate opportunity, 12 C.F.R. Section 563.201; selfdealing, 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 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;
15. The Savings Bank, the Holding Company and the Broker Dealer affiliate 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 Savings Bank and the Holding Company shall ensure compliance by the 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, trust services of the Savings Bank; and
16. The Savings Bank's Year 2000 Project Management Program must adhere to the terms, deadlines, requirements and conditions contained in the Year 2000 guidance issued by the OTS **and/or** the Federal Financial Institutions Examination Council ("FFIEC"), including the May 5, 1997 *FFIEC Year 2000 Project Management Awareness* statement, the December 17, 1997 *FFIEC Safety and Soundness Guidelines Concerning the Year 2000 Business Risk*, the March 17, 1998 *FFIEC Guidance Concerning institution Due Diligence in Connection with Service Provider and Software Vendor Year 2000 Readiness*, the March 17, 1998 *FFIEC Guidance Concerning the Year 2000 Impact on Customers*, the April 10, 1998 *Guidance Concerning Testing for Year 2000 Readiness* and any subsequent OTS or FFIEC Year 2000 guidance.

By Order of the Director of the Office of Thrift Supervision, or her designee, effective May 13, 1998.

  
John E. Ryan  
Acting Executive Director, Supervision