

## OFFICE OF THRIFT SUPERVISION

### APPROVAL OF AN APPLICATION FOR CONVERSION TO FEDERAL SAVINGS ASSOCIATION CHARTER AND HOLDING COMPANY APPLICATION

**Order No.:** 99-78

**Date:** December 6, 1999

American Sterling Bank, a National Association, Sugar Creek, Missouri (the "Bank"), has applied to the Office of Thrift Supervision (the "OTS"), pursuant to 12 U.S.C. § 1464 and 12 C.F.R. § 552.2-6 for permission to convert from a national bank to a federal savings bank (the "New FSB"). In addition, American Sterling Corporation, American Sterling Insurance Company and L.K. Dodge Family Foundation, Irvine, California (collectively, the "Holding Companies"), seek approval under 12 U.S.C. § 1467a(e) and 12 C.F.R. § 574.3 to acquire the New FSB (collectively, the "Applications").

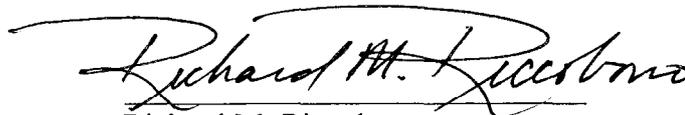
The OTS has considered the Applications under the factors set forth in 12 U.S.C. §§ 1464(e) and 1467a(e) and 12 C.F.R. §§ 552.2-1(b)(1), 552.2-6 and 574.3 and other applicable statutes and regulations. The OTS also has considered the Applications under the Community Reinvestment Act (the "CRA"), 12 U.S.C. § 2901 *et seq.*, and the OTS regulations thereunder at 12 C.F.R. Part 563e. The OTS has considered a digest from the Midwest Regional Office, an analysis prepared by the Office of Examination and Supervision and a legal opinion from the Business Transactions Division (collectively, the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, the OTS finds that the Applications satisfy the applicable approval standards, provided that the following conditions are complied with in a manner satisfactory to the Midwest Regional Director, or his designee ("Regional Director"). Accordingly, the Applications are hereby approved, subject to the following conditions:

1. The Holding Companies and the Bank must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Midwest Regional Office;
2. The proposed transaction must be consummated no later than 120 calendar days after the date of this approval order;
3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officer of the Holding Companies and the Bank must certify in writing to the OTS Midwest Regional Office that no material adverse changes have occurred with respect to the financial condition or operation of the Holding Companies and the Bank since the date of the financial statements submitted with the Applications;
4. The New FSB must advise the Midwest Regional Office, in writing, within five (5) calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Applications and this Order;

5. The New FSB must operate within the parameters of its business plan. The New FSB must submit any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the Holding Companies), and in particular, those pertaining to cross-marketing of products of the New FSB and any affiliates, for the prior written non-objection of the Regional Director. The request for change must be submitted a minimum of 60 calendar days before the proposed change is implemented;
6. The New FSB must hire a permanent president by March 31, 2000. The New FSB must submit the appropriate background information and receive the non-objection of the Regional Director, prior to the appointment of the permanent president;
7. The New FSB must submit the appropriate background information and receive the non-objection of the Regional Director, prior to the appointments of the executive vice presidents that will serve at the loan production offices in Kansas City, Missouri, and Irvine, California;
8. Any contracts or agreements pertaining to transactions with affiliates, not yet submitted to the OTS for review, including the Intercompany Tax Allocation Agreement, must be provided to the Regional Director at least 30 days prior to execution and must receive his written non-objection prior to implementation; and
9. At least 30 days prior to opening for business, the New FSB must submit written evidence, acceptable to the Regional Director, that its data systems, programs, software and business applications will operate properly on and after January 1, 2000. The submission must include a copy of the business resumption contingency plan and evidence of successful Year 2000 testing.

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

By order of the Director of the Office of Thrift Supervision, or her designee, effective  
DECEMBER 6, 1999.



Richard M. Riccobono  
Deputy Director