



Comptroller of the Currency
Administrator of National Banks

Midwestern District Office
2345 Grand Boulevard, Suite 700
Kansas City, MO 64108

Conditional Approval #569
January 2003

December 19, 2002

Mr. Stan Fredericks
4425 Singing Hills Boulevard
Sioux City, Iowa 51106

Re: Application to charter a new national bank
Liberty National Bank, Sioux City, Iowa and
Application for the Purchase and Assumptions of the Sioux City,
Iowa branch of Frontier Bank, FSB, Rock Rapids, Iowa
Control #2002-MW-01-010 & 2002-MW-02-025

Dear Mr. Fredericks:

The Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of Liberty National Bank. On this date, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary conditional approval. We also approve your request for the purchase and assumption of the Sioux City branch of Frontier Bank, FSB, Rock Rapids, Iowa.

This approval is granted based on a thorough review of all information available, including the representations and commitments made in the application and by the proposed bank's representatives. We also made our decision to grant preliminary conditional approval with the understanding that the proposed national bank will apply for membership in the Federal Reserve System and obtain insurance from the Federal Deposit Insurance Corporation (FDIC).

This preliminary conditional approval is subject to the condition that the bank: (i) shall give the OCC's Omaha North Field Office at least sixty (60) days' prior written notice of the bank's intent to significantly deviate or change from its business plan or operations¹ and (ii) shall obtain the OCC's written determination of no objection before the bank engages in any significant deviation or change from its business plan or operations. This condition is enforceable under 12 U.S.C. § 1818. For the first three years of operation, the bank also must provide a copy of such written notice to the FDIC's Kansas City Regional Office.

¹ If such deviation is the subject of an application filed with the OCC, no separate notice to the supervisory office is required.

The bank's initial paid-in capital, net of organizational and pre-opening expenses, shall be no less than \$7.6 million. The manner in which capital is raised must not deviate from that described in the business plan without prior OCC notification. If the capital for the new bank is not raised within 12 months or if the new bank is not opened for business within 18 months from the preliminary conditional approval date, the OCC will withdraw approval. The OCC is opposed to granting extensions, except under the most extenuating circumstances when the OCC determines that the delay is beyond the applicant's control. The organizers are expected to proceed diligently, consistent with their application, for the bank to open for business as soon as possible.

This is preliminary conditional approval only. Final approval will not be granted until and unless the Federal Reserve Board acts favorably on your application with them to acquire this new bank. You must furnish the OCC's Midwestern District Licensing Office with a copy of all related filings to the Federal Reserve, including registration material.

Until final approval is granted, the OCC has the right to alter, suspend, or revoke preliminary approval should any interim development be deemed by the OCC to warrant such action.

Refer to the "Corporate Organization" booklet (enclosed) in the *Comptroller's Corporate Manual* for the instructions on organizing your bank. The booklet contains all of the steps you must take to receive your charter. As detailed in the booklet, you may establish the corporate existence of and begin organizing the bank as soon as you adopt and forward acceptable Articles of Association and the Organization Certificate to this office. As a "body corporate" or legal entity, you may begin taking those steps necessary for obtaining final approval, but you may not begin the business of banking until you fulfill all requirements for a bank in organization and you are granted final approval by the OCC.

Enclosed are other standard requirements that must be met before the bank will be allowed to commence business. Management must ensure that the applicable policies and procedures are established and adopted by the board of directors before the bank begins operation. Applicable standard requirements also must be satisfied before the bank will be allowed to commence business.

In addition to the procedural requirements for all new national banks, the following requirements must be satisfied prior to the bank's request for a pre-opening examination and before the OCC will grant final charter approval:

1. The bank must submit to the Omaha Field Office for review and approval a complete description of the bank's final information systems and operations architecture as well as the information systems risk assessment and management plan. This should include a schematic drawing and discussion of the following items.

Vendor due diligence and contracts; electronic banking security mechanisms and policies; information systems personnel; internal controls; audit plans; and operation policies and procedures, including, but not limited to, vendor management, weblinking, customer authentication and verification, and business resumption contingency plans.

2. The bank must have performed an independent security review and test of its electronic banking platform. The bank must have this review performed regardless of whether the platform is operated in-house or by one or more third-party service providers. If the bank outsources the technology platform, it can rely on testing performed for the service provider to the extent that it satisfies the scope and requirements listed herein. The review must be conducted by an objective, qualified independent source (Reviewer). The scope should cover:
 - All access points, including the Internet, Intranet, or remote access.
 - The adequacy of physical and logical protection against unauthorized access including individual penetration attempts, computer viruses, denial of service, and other forms of electronic access.

By written report, the Reviewer must confirm that the security measures, including the firewall, have been satisfactorily implemented and tested. For additional guidance, see “The Internet and the National Bank Charter” booklet of the *Comptrollers’ Corporate Manual*, pages 37-38, 74-75. This booklet may be found on the OCC’s web site at www.occ.treas.gov/netbank/letters.htm.

3. The bank must have a security program in place that complies with the “Interagency Guidelines Establishing Standards for Safeguarding Customer Information” specified at 12 C.F.R. § 30, Appendix B.

The OCC poses no objection to the following persons serving as executive officers as proposed in the application. Additional executive officers are subject to the OCC’s prior review and clearance.

President/Chief Executive Officer	Stan Fredericks
Chairman of the Board	Donald Vaudt
Cashier	William Ellis
Senior Lending Officer – Credit Analysis and Underwriting	Timothy Jenkins
Senior Lending Officer – Credit Administration	Bradley Knepper

The OCC poses no objection to Larry Book, Stan Fredericks, Brian Gunderson, Lance Morgan, Mark Peterson, George Schneidermann, and Donald Vaudt serving as directors. All other directors are subject to the OCC’s prior review and clearance.

You are also reminded that for a period of two years after the bank has opened for business, the OCC must review and have no objection to any new executive officer or director prior to that person assuming such position.

Mr. Stan Fredericks

The district office must be advised in writing in advance of the desired effective date for the purchase and assumption, so that the OCC may issue the necessary certification letter. The effective date must follow the applicable Department of Justice injunction period (**15 days after the date of this letter**) and any other required regulatory approval. This includes Rock Rivers Bancorp receiving appropriate approvals from the Federal Reserve Board and the Office of Thrift Supervision for the sale of the branch assets. The purchase and assumption is also contingent upon the \$2 million increase to Liberty's capital base.

The OCC will issue a letter certifying consummation of the transaction when we receive a Secretary's Certificate for Liberty National Bank, certifying that a majority of the board of directors approved the purchase and assumption.

If the purchase and assumption is not consummated within one year from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications.

This preliminary conditional approval, and the activities and communications by OCC employees in connections with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the U.S., any agency or entity of the U.S., or an officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

You should direct any questions concerning this preliminary conditional approval to NBE/Licensing Analyst Lyle G. Swingler at (816) 556-1860. If you have any question during the in organization phase, please contact July Wahlen at the same number.

Sincerely,

/s/ Ellen Tanner Shepherd

Ellen Tanner Shepherd
Licensing Manager

Enclosures: "Corporate Organization" Booklet
Minimum Policies and Procedures
Standard Requirements