



Comptroller of the Currency
Administrator of National Banks

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

September 14, 2001

**Conditional Approval #495
October 2001**

Mr. David L. Scheer
721 Seventh Street
St. Paul, NE 68873

Re: Application for De Novo Charter
Citizens National Bank in Loup City, Loup City, NE
CAIS Control #2001-MW-01-009

Dear Mr. Scheer:

The Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of Citizens National Bank in Loup City (hereinafter, "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. The Bank also may offer credit life, health, and accident insurance in accordance with 12 CFR 2.

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 FDIC insurance.

This approval is subject to the following condition:

During the first three (3) years of the Bank's operations under its operating plan, the Bank: (i) shall give the Omaha South Field Office at least sixty (60) days prior notice of the Bank's intent to significantly deviate from its operating plan, and (ii) shall obtain the OCC's written determination of no supervisory objection before the Bank engages in any significant deviation or change from the operating plan. This condition is enforceable under 12 USC ' 1818. The Bank must also provide a copy of such notice to the FDIC's Kansas City Regional Office.

The bank's initial paid-in capital, net of organizational and preopening expenses, shall be no less than \$2 million. The manner in which capital is raised must not deviate from that described in the operating 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 and when the OCC determines that the delay is beyond the applicant's control. The organizers are expected

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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 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.

Please 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. **Please direct any questions regarding the organizational phase to Licensing Specialist Judy Wahlen at 816-556-1860.**

Enclosed are 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.

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/CEO:	David L. Scheer
Chairman of the Board:	Carl R. Brasee
Cashier:	Sally J. Einspahr

The OCC poses no objection to Carl R. Brasee, John C. Brasee, Mark L. Brasee, Mark L. Eureka, Margret B. Loftus, and David L. Scheer 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.

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

This conditional approval, and the activities and communications by OCC employees in connection 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,

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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 National Bank Examiner Jill K. Kennard at (816) 556-1860.

Sincerely,

-signed-

Ellen Tanner Shepherd
Licensing Manager

Enclosures: “Corporate Organization” Booklet
 Minimum Policies and Procedures
 Standard Requirements