OTS Grants Thrift Charter To Lutheran Brotherhood

WASHINGTON, D.C., Feb. 9, 1999 - Lutheran Brotherhood and Lutheran Brotherhood Financial Corporation have received approval to become a thrift holding company, acquire Metro Community Bank, FSB, Minneapolis, and establish a branch of the thrift institution in that city. Metro Community, originally chartered by the Office of Thrift Supervision (OTS) in 1996, operates as a traditional thrift, with emphasis on mortgage loans. It also offers home equity loans and a variety of other thrift products. It has $24 million in assets, and plans to continue operating in the Minneapolis metropolitan area.

OTS approved the application contingent on the thrift and holding company meeting several conditions pertaining to, among other activities, cross-marketing of deposit and non-deposit products and compliance with consumer protection laws.

Metro Community must clear with OTS any future changes to its business plan, particularly with regard to cross-marketing, and conduct ongoing market research that measures the effectiveness of its advertising and media campaign directed to the public compared to its marketing through district representatives of the insurance company. It is to report its findings to OTS annually.

The thrift will develop a comprehensive compliance management plan covering federal consumer protection and fair lending laws and regulations and provide training and oversight of all individuals, including representatives, who offer thrift products and other financial products. Before it can expand operations beyond the Minneapolis metropolitan area, Metro Community must obtain OTS approval of its revised business, CRA and compliance plans that explain how the institution proposes to reach out to all segments of the communities it intends to enter.

The thrift has to comply with statutory anti-tying restrictions. Any affiliate in the securities brokerage business must operate as a separate entity and neither dominate the thrift nor be dominated by it, and the thrift and broker dealer affiliate must adhere to regulations governing
conflicts of interest, as well as interagency guidance on disclosure of non-deposit investment products.

At least 40 percent of the thrift's board must be individuals who are not employees of the holding company or any affiliate. The OTS approval order also requires Metro Community to follow all interagency guidance regarding Year 2000 preparation and readiness.

Brotherhood Order

The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents call PubliFax at 202/906-5660, or visit the OTS web page at http://www.ots.treas.gov.