



Comptroller of the Currency
Administrator of National Banks

Comptroller of the Currency
2345 Grand Boulevard, Suite 700
Kansas City, MO 64108

February 27, 2003

Conditional Approval #580
March 2003

Mr. John Huston
Community State Bank
817 North Ankeny Boulevard
Ankeny, Iowa 50021

Re: Application to convert Community State Bank, Ankeny, Iowa to a national bank and application to exercise fiduciary powers.
Application Control Numbers: 2002-MW-01-0014 and 2002-MW-12-0195
Charter Number: 24403

Dear Mr. Huston:

The Comptroller of the Currency (OCC) has reviewed Community State Bank's (hereinafter "Bank") request, dated December 18, 2002, to convert to a national bank. After a thorough review of all information available, including the representations and commitments made in the application and the Bank's representatives, we find that the Bank's request meets the requirements for conditional approval to convert to a national banking association pursuant to 12 USC 35 and 12 CFR 5.24 as follows:

Title: Community State Bank, National Association

Location: Ankeny, Iowa

This approval is conditioned upon the Bank: (i) giving the Omaha North Field Office 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 USC §1818.

This approval is based in part upon the institution's representation that, prior to conversion, the capital structure will be realigned to comply with the minimum capital requirements of 12 USC 35, 36, 52, and 371d to the extent applicable.

The OCC has also approved the Bank's application to exercise fiduciary powers as outlined in the application.

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

Mr. John Huston
2002-MW-01-0014
Page Two

The OCC is in receipt of the Bank's January 10, 2003 Certification and Notice to retain the Insurance Center in Johnston, Iowa as a financial subsidiary of the Bank. Upon the Bank converting to a national bank charter the OCC will issue an acknowledgement letter approving the Bank's Certification and Notice to establish the financial subsidiary for the purpose of retaining the Insurance Center to conduct insurance activities.

You are reminded that the following are required before the effective date of the conversion:

1. Directors must purchase qualifying shares prior to conversion to a national banking association in conformance with 12 U.S.C. 72 and 12 CFR 7.2005.
2. The institution must purchase the required amount of stock in the Federal Reserve Bank in accordance with 12 CFR 209, if applicable.
3. The institution must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which lists four factors the directors should consider to determine adequacy.
4. If a director, officer, employee, or principal shareholder of the bank (including an entity in which such person owns an interest of 10 percent or more) is involved in the sale of credit life insurance to loan customers, the bank should ensure compliance with 12 CFR 2, which among other things, prohibits a covered person from retaining commissions or other income from the sale of credit life insurance connected with any loan the bank makes.
5. The board of directors must adopt and have in place policies, practices, and procedures to ensure the safe and sound operation of the bank. The board also must review those policies, practices, and procedures continually and ensure bank compliance with them. We are enclosing the minimum policies and procedures applicable to national banks.
6. The converting institution must obtain any other required regulatory approvals.

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

If the conversion is not consummated within six months from the date of the decision, approval will be withdrawn. The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversion to occur as soon as possible.

Mr. John Huston
2002-MW-01-0014
Page Three

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, 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.

Prior to conversion, please submit a letter certifying that you have completed all steps required to convert to a national banking association (sample enclosed). Refer to the Comptroller's Corporate Manual, "Conversion" booklet, for complete instructions and documents. If you have any questions, please contact Judy Wahlen at (816) 556-1860.

Sincerely,

/s/ Ellen Tanner Shepherd

Ellen Tanner Shepherd
Licensing Manager