

OFFICE OF THRIFT SUPERVISION
Approval of Application for Holding Company Acquisition

Order No. 98-2

Date: January 8, 1998

ReliaStar Financial Corp., Minneapolis, Minnesota ("ReliaStar"), has applied to the Office of Thrift Supervision ("OTS"), pursuant to Section 10(e) of the Home Owners' Loan Act ("HOLA") and 12 C.F.R. Section 574.3 to acquire Citizens Savings Bank, F.S.B., St. Cloud, Minnesota ("Citizens"), from Citizens Community Bancshares, Co., St. Cloud, Minnesota ("CC Bancshares"). The foregoing is referred to as the "Application" or "proposed transaction". After consummation of the proposed transaction, Citizens will change its name to ReliaStar Bank.

The OTS has considered the Application, as supplemented by representations by ReliaStar, Citizens, CC Bancshares and their attorneys under the standards set forth under Section 10(e) of the HOLA and 12 C.F.R. Section 574.7(c), and under the Community Reinvestment Act, 12 U.S.C. Section 2901 et. seq., and the OTS regulations thereunder, 12 C. F. R. Part 563e. In addition, the OTS has considered a digest from the Midwest Regional Office, an analysis prepared by Corporate Activities, an analysis from Compliance Policy and a legal opinion from the Business Transactions Division.

Based on the foregoing statutes, regulations, the digest, analyses and legal opinion, the OTS finds that the Application satisfies the applicable approval standards, provided that the conditions set forth below are satisfied in a manner satisfactory to the Midwest Regional Director or his designee ("Regional Director"). Accordingly, the Application is hereby approved, subject to the following conditions:

1. The proposed transaction shall be consummated no later than 120 calendar days after the date of this approval order, unless an extension is granted for good cause by the Midwest Regional Director, or his designee ("Regional Director");
2. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of CC Bancshares, Citizens and ReliaStar (the "Applicants") shall certify to the Regional Director, in writing, that no material adverse events or changes have occurred with respect to their financial condition or operations since the date of the financial statements submitted with the Applications;

3. The Applicants shall obtain all required regulatory and shareholder approvals prior to consummation, will act to satisfy all requirements and conditions imposed by the OTS, and will comply with all applicable laws, rules and regulations;
4. No later than five calendar days from the date of consummation of the proposed transaction, ReliaStar Bank shall file with the Regional Director, a certification by legal counsel stating the effective date of the acquisition and that the acquisition has been consummated in accordance with the provisions of all applicable laws and regulations, the Application, this Order and the representations by the Applicants and their attorneys;
5. Any of ReliaStar's subsidiaries that engage in securities brokerage activities ("Broker Dealer affiliate") must be operated as separate legal entities so that a) their respective accounts and records are not intermingled, b) each observes the procedural formalities of separate legal titles, c) each is held out to the public as a separate enterprise, and d) no one entity dominates another to the extent that one is treated as a mere department of the other; (This condition, however, does not limit in any way the ability of ReliaStar Bank and its affiliates to issue unified account statements in accordance with the Interagency Statement on Retail Sales of Nondeposit Investment Products.)
6. A majority of ReliaStar Bank's board of directors must not be comprised of individuals who are directors or employees of any Broker Dealer affiliate;
7. ReliaStar Bank and any Broker Dealer affiliate are prohibited from sharing common officers unless prior written approval is obtained from the Regional Director, which shall be based on criteria such as regulatory compliance, experience, character, integrity and the ability to perform both duties;
8. With respect to transactions between ReliaStar Bank and any Broker Dealer affiliate, ReliaStar Bank and the Broker Dealer affiliate must take measures necessary to ensure that their officers and directors adhere to the principles set forth in OTS regulations on conflicts of interest, 12 C.F.R. Section 563.200; corporate opportunity, 12 C.F.R. Section 563.201; self-dealing, 12 C.F.R. Section 550.10; and any other additional or successor statements of policy or regulations addressing these subjects. The officers and directors of ReliaStar Bank and the Broker Dealer affiliate are prohibited from using their influence to: a) take advantage of a business opportunity for the Broker Dealer affiliate's benefit when the opportunity is of present or potential advantage to ReliaStar Bank; or b) place the Broker Dealer affiliate in a

position that leads to, or could create the appearance of a potential conflict of interest;

9. ReliaStar, ReliaStar Bank and the Broker Dealer affiliate are subject to the provisions of 12 C.F.R. Section 563.76, Offers and Sales of Securities at an Office of a Savings Association, and related policy established in OTS Thrift Bulletins 23-2, *InterAgency Statement on Retail Sales of Nondeposit Investment Products* (the "InterAgency Statement"), and 23a, *Sales of Securities*, and any additional or successor statements of policy or regulations addressing these subjects. ReliaStar and any of its subsidiaries that market or offer for sale deposit products of ReliaStar Bank shall comply with, at a minimum, the General Guidelines in Disclosures and Advertising set forth in the InterAgency Statement and ReliaStar and ReliaStar Bank shall ensure such compliance;
10. ReliaStar Bank shall submit appropriate background information on and receive the written non-objection of the Regional Director to the Chief Lending Officer, prior to his/her appointment.
11. ReliaStar Bank shall operate within the parameters of its business plan, dated December 31, 1997. Any proposed major deviations or material - changes from the plan, and in particular, those pertaining to the cross-marketing of deposit and non-deposit products, shall receive the prior, written non-objection of the Regional Director. The request for change shall be submitted a minimum of 30 days before the proposed change is implemented;
12. Any contracts or agreements pertaining to transactions with affiliates, not yet submitted to the OTS for review, shall be provided to the Regional Director, at least 30 days prior to execution, and shall receive his written non-objection prior to execution;
13. Any contracts or agreements to cross-market ReliaStar Bank loan and deposit products through any of ReliaStar's worksite, agent, broker-dealer or other distribution channel, not yet submitted to the OTS for review, shall be provided to the Regional Director, at least 30 days prior to implementation, and shall receive his written non-objection prior to execution. The Regional Director shall consider information pertaining to the entities or persons offering the loan and deposit products, the specific products to be offered, fees and commissions to be paid and any standard statements to be utilized by those marketing the products to customers;

14. ReliaStar Bank shall not use the transactions with affiliates exemption provided under 12 C.F.R. Section 250.250, should the aggregate amount of loan purchases from ReliaStar Mortgage Company exceed 200 percent of capital stock and surplus, without the prior written approval of the Regional Director;
15. Within 90 days of consummation of the proposed transaction, ReliaStar Bank shall submit to the Regional Director for his review and written approval, a comprehensive Community Reinvestment Act ("CRA") and compliance management program that addresses the resources, training, policy and monitoring issues associated with ReliaStar Bank's nationwide and affiliate distribution channels. To enable ReliaStar Bank and the OTS to monitor CRA performance, the CRA component of the program shall include, at a minimum, provisions for the collection and analysis of demographic information (including the income characteristics) of a) the community to be served by each of the worksite locations offering ReliaStar Bank products and b) the borrowers served through such worksite locations;
16. ReliaStar Bank's CRA plan shall be subject to any future changes in requirements contained in regulatory policies or regulations that the OTS, on its own, or acting in concert with other financial institution regulatory agencies, determines are appropriate for depository institutions;
17. Any changes that ReliaStar Bank initiates to its CRA plan within the three year period following approval of the Application shall be subject to the prior written approval of the Regional Director; and
18. ReliaStar Bank shall file with the Regional Office an Agency Office notice pursuant to 12 C.F.R. Section 545.96(b), with the requisite \$900 fee, prior to commencing the approval of any loans or other activities not specifically preapproved under Section 545.96.

This approval order shall also serve as notice to ReliaStar Bank that the OTS reserves the authority to evaluate the appropriateness of marketing disclosures as they pertain to the differentiation between insured and uninsured products by having its examiners periodically, and without identification as OTS examiners, solicit worksite representatives, ReliaStar Bank or individual agents for information on nondeposit investment or insured products.

Any time period specified herein may be extended by the Midwest 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 January 8, 1998.



John E. Ryan
Acting Executive Director, Supervision