Comptroller of the Currency
Administrator of National Banks

Western District Office
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Denver, Colorado 80202
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Conditional Approval #1060
February 2013

January 24, 2013

Nate Van Emon, Esq.
Stinson Morrison Hecker, LLP
1201 Walnut St.
Suite 2900
Kansas City, MO 64106-2150

Re: Disposition of Substantially all the Assets of Northland National Bank, Gladstone, MO, via a Purchase and Assumption with KCB Bank, Kearney, MO
OCC Control No.: 2012-WE-12-0192

Merger of Northland National Bank, Gladstone, MO, with and into Northland Equity Investors, Inc., a Delaware Corporation
OCC Control No.: 2012-WE-12-0193

Dear Mr. Van Emon:

The Office of the Comptroller of Currency ("OCC") hereby conditionally approves the above referenced applications.

The Transactions

These applications are part of a series of transactions in which substantially all of the assets and liabilities of Northland National Bank (Northland), Gladstone, Missouri will be sold to KCB Bank, Kearney, Missouri, and thereafter the operations and charter of Northland will be terminated through a merger with a non-bank affiliate. As proposed, the following events will occur in sequence on the same business day:

1. Northland will transfer substantially all of its assets and all of its insured deposits to KCB Bank in a purchase and assumption transaction.[1]

2. Northland will merge with and into a non-bank affiliate, New Equity Investors, Inc. (Newco), thereby terminating Northland's charter. Newco's affiliation to Northland is by virtue of the fact that Newco is wholly owned by Gordon Peterson, the majority shareholder of Northland.

Discussion

A. Fundamental Change in Asset Composition

Northland applied to the OCC for prior approval of a fundamental change in its asset composition under 12 C.F.R. § 5.53. Under section 5.53(c)(1)(i), a national bank must obtain prior written approval of the OCC before changing the composition of all, or substantially all, of its assets through sales or other dispositions. In the purchase and assumption transaction with KCB Bank, Northland will sell all its deposits and substantially all of its assets.

The principal purpose of adopting 12 C.F.R. § 5.53 was to address supervisory concerns raised by so called "dormant" bank charters by providing the OCC with regulatory oversight and a means to monitor them. Northland plans to merge into its nonbank affiliate, Newco. Thus, OCC concerns over the continuation of "dormant" charters are addressed, and so the OCC hereby approves Northland's application, and the approval is consistent with the language and purpose of section 5.53.

B. Merger of Northland with and into Newco

In this merger, Northland will merge into its nonbank affiliate, Newco. Newco will be the surviving entity, and Northland will cease to exist.

The merger is authorized under 12 U.S.C. § 215a-3. Section 215a-3 authorizes a national bank to merge with a nonbank subsidiary or affiliate: "Upon the approval of the Comptroller, a national bank may merge with one or more of its nonbank subsidiaries or affiliates." 12 U.S.C. § 215a-3(a), as added by section 1206 of the Financial Regulatory Relief and Economic Efficiency Act of 2000 (Title XII of the American Homeownership and Economic Opportunity Act of 2000), Pub. L. No. 106-569, 114 Stat. 2944, 3034 (December 27, 2000).

The statute does not limit its scope to mergers in which the national bank is the surviving entity, and so a merger *into* a nonbank affiliate is within its scope. The OCC's implementing regulation, discussed below, expressly provides for mergers into a nonbank affiliate. However,

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[1] Upon consummation of the purchase and assumption and notification to the Federal Deposit Insurance Corporation of the transfer of all insured deposits from Northland to KCB Bank, Northland will no longer be FDIC insured. pursuant to 12 U.S.C. § 1818(q) and 12 C.F.R. § 307.2. KCB Bank's participation in the purchase and assumption is subject to a separate approval by the Fed, pursuant to the Bank Merger Act, 12 U.S.C. § 1828(c).

the regulation limits these transactions to mergers involving a national bank that is not an insured bank. Northland will not be an insured bank at the time of the merger.

The OCC's regulations implementing 12 U.S.C. § 215a-3 set out substantive and procedural requirements for the merger of an uninsured national bank with its nonbank affiliate in which the nonbank affiliate is the resulting entity. *See* 12 C.F.R. § 5.33(g)(5). The regulation requires that the law of the state or other jurisdiction under which the nonbank affiliate is organized allow the nonbank affiliate to engage in such mergers. The regulation also imposes the following additional requirements that: (1) the bank comply with the procedures of 12 U.S.C. § 214a as if it were merging into a state bank, (2) the nonbank affiliate follow the procedures for mergers of the law of its state of organization, and (3) shareholders of the national bank who dissent from the merger have the dissenters' rights set out in 12 U.S.C. § 214a. The regulation also provides that the OCC shall consider the purpose of the transaction, its impact on the safety and soundness of the bank, and any effect on the bank's customers, and may deny a merger if it would have a negative effect in any such respect.

The applicant has represented it has or will comply with these procedural requirements. Therefore, based upon these representations, the OCC hereby approves the merger of Northland into Newco.

Condition

These approvals are subject to the following conditions:

1. The merger of Northland into Newco shall not occur until after consummation of the purchase and assumption transaction between Northland and KCB Bank, and the FDIC has terminated the deposit insurance of Northland.

2. If the merger of Northland with and into Newco does not occur within seven (7) calendar days after the sale of substantially all of Northland's assets to KCB Bank, Northland shall immediately notify the OCC and submit a plan acceptable to the OCC to wind up its affairs and terminate its status as a national bank.

These conditions of approval are a "condition imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 U.S.C. § 1818. As such, the conditions are enforceable under 12 U.S.C. § 1818.

Conclusion

Accordingly, the OCC approves Northland's applications for a fundamental change in asset composition, and for the merger of Northland into Newco. These approvals are subject to the conditions set out above. This conditional approval is also granted based on the information and representations made in the application. In particular, the approvals are based on Northland's representation that the merger will occur shortly after the purchase and assumption transaction and the termination of Northland's status as an insured bank.

The OCC will not issue a letter certifying the consummation of the transactions and termination of the charter until we have received:

1. Written confirmation that Northland is no longer FDIC insured.

2. Northland's charter certificate and certification that all OCC Reports of Examination have been returned to the OCC, or destroyed.

3. A copy of the final Certificate of Merger filed with the Delaware Secretary of State.

4. Secretary's Certificate certifying that shareholder approval has been obtained.

5. Any other required regulatory approval.

These conditional approvals, 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 United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

A separate letter is enclosed requesting your feedback on how we handled your application. We would appreciate your response so we may improve our service.

If you have any questions, contact Licensing Analyst Ankit Shah at 720-475-7650 or at ankit.shah@occ.treas.gov. Please include the OCC's control number on any correspondence.

Sincerely,

Louis T. Gttleman

Louis T. Gittleman
Acting Director for District Licensing

Enclosure: Survey