

July 21, 2025

Conditional Approval #1343
August 2025

Abdul Mitha, Partner
Barack Ferrazzano Kirschbaum & Nagelberg LLP
200 West Madison Street, Suite 3900
Chicago, IL 60606

Re: Substantial Asset Change, Reduction of Permanent Capital, and Merger with and into
Nonbank Affiliate Applications Submitted by The Lemont National Bank, Lemont, Illinois
OCC Control Nos.: 2025-5.53-341389, 2025-Capital&Div-341926, and 2025-215a3-
341927
Charter No.: 11715

Dear Mr. Mitha:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves the above referenced applications (Applications) submitted by The Lemont National Bank, Lemont, Illinois (Bank) to (1) change the composition of its assets, (2) reduce permanent capital, and (3) merge into a nonbank affiliate, LNB Merger LLC (Merger LLC). These approvals are granted after a thorough evaluation of the Applications, other materials supplied by the Bank's representatives, and other information available to the OCC, including the representations and commitments made in the Applications and during the application process. The OCC's approvals are subject to the conditions set out herein.

I. The Transactions

The Applications relate to a series of transactions pursuant to which the Bank seeks to terminate its national bank charter. First, the Bank will enter into a Purchase & Assumption (P&A) transaction with NuMark Credit Union, Joliet, Illinois (NuMark) to sell or transfer substantially all of its assets and liabilities, including its insured deposits to NuMark.

Upon consummation of the P&A transaction, the Bank will request that the Federal Deposit Insurance Corporation (FDIC) terminate its deposit insurance pursuant to 12 USC 1818(p). Concurrently, the Bank will also complete a reduction of permanent capital through the distribution of capital surplus to its shareholders. Finally, once the FDIC has terminated the Bank's deposit insurance, the Bank will merge with and into Merger LLC, thereby terminating its national bank charter.

II. Discussion

A. Substantial Asset Change

The Bank applied to the OCC for prior approval of a substantial asset change under 12 CFR 5.53. Pursuant to 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 P&A transaction with NuMark, the Bank will transfer all or substantially all of its assets and all of its deposits.

The principal purpose of adopting 12 CFR 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. Following consummation of the P&A transaction, the Bank would become a “dormant” charter. The Bank, however, plans to merge into Merger LLC promptly after consummation of the P&A transaction and the termination of FDIC deposit insurance. Thus, OCC concerns over the continuation of “dormant” charters are addressed, and so OCC approval of the section 5.53 application is consistent with the language and purpose of section 5.53.

B. Reduction of Permanent Capital

The Bank applied to the OCC for prior approval to decrease its permanent capital under 12 CFR 5.46 in an amount of approximately \$405 thousand. Pursuant to 12 USC 59, a reduction in capital stock requires approval by shareholders owning at least two-thirds of the Bank’s capital stock and, if necessary, amendments to the Articles of Association. To determine whether to approve a proposed change to a Bank’s permanent capital, the OCC considers whether the change is; consistent with law, regulation, and OCC policy thereunder; provides an adequate capital structure; and complies with the Bank’s capital plan. The OCC reviewed the proposed reduction of permanent capital with respect to these factors and determined that approval is warranted.

C. Merger into LNB Merger LLC under 12 USC 215a-3

In this merger, the Bank will merge into LNB Merger LLC (Merger LLC), which will be the surviving entity, and the Bank will cease to exist. The merger is authorized under 12 USC 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.”¹ 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, the regulation limits these transactions to mergers involving a national bank that is not an insured bank. The Bank will not be an insured bank at the time of the merger.

The OCC’s regulations implementing 12 USC 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.² 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. Merger LLC is organized under the law of Delaware, which permits Delaware limited liability companies to merge with “other business entities” formed or organized under the

¹12 USC 215a-3(a).

²12 CFR 5.33(g)(5).

laws of the United States with either the Delaware limited liability company or the other entity as the surviving entity.³ Therefore, Delaware law permits the Bank to merge into Merger LLC, with Merger LLC as a survivor.

The OCC regulation also requires that: (1) the national bank comply with the procedures of 12 USC 214a as if it were merging into a state bank or the procedures applicable to state banks under 12 CFR 5.33(h)(1)(i), (2) the nonbank affiliate follow the procedures for mergers of the law of its state of organization, (3) shareholders of the national bank who dissent from the merger have the dissenters' rights set out in 12 USC 214a, and (4) the rights of dissenting shareholders and appraisal of the stock of dissenting shareholders in the nonbank affiliate shall be determined in the manner prescribed by the law of the state or other jurisdiction under which the nonbank affiliate was organized. The Bank has represented that it intends to follow the procedures applicable to Illinois state banks⁴ and is in the process of meeting the applicable procedural requirements in accordance with section 5.33(h)(1)(i). Merger LLC is in the process of complying with the procedures for mergers by Delaware domestic entities.

The OCC's 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 OCC reviewed the proposed merger with respect to these factors and determined that approval of the merger is warranted.

III. Conditions

These approvals are subject to the following conditions:

1. The reduction in permanent capital shall not occur until after consummation of the purchase and assumption transaction between the Bank and NuMark.
2. The merger of the Bank with and into Merger LLC shall not occur until after all of the Bank's deposit accounts have been closed and the Bank's FDIC insurance of accounts has been terminated, and
3. If the merger of the Bank with and into Merger LLC does not occur within seven calendar days after the termination of FDIC deposit insurance, the Bank shall immediately notify the OCC and submit a plan to wind up its affairs and terminate its status as a national bank.

These conditions of approval are conditions "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 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

³ Del. Code Ann. tit. 6, § 18-209(b) and Del. Code Ann. tit. 6, § 18-209(a).

⁴ Illinois Banking Act (205 ILCS 5/1 et seq.) Section 13.6, Section 22, and Section 23

III. Consummation Guidance

The Licensing office must be advised in writing at least 10 days in advance of the desired effective date for the merger so that it may issue the necessary certification letter. The OCC will issue a letter certifying consummation of the transaction when we receive the following:

1. Board Resolutions authorizing the merger of the Bank into Merger LLC.
2. Shareholder approval of the merger and waiver of notice requirements.
3. Shareholder approval of the reduction in permanent capital.
4. Written confirmation that the Bank is no longer FDIC insured.
5. Certification that the Bank's charter certificate and all OCC Reports of Examination have been returned to the OCC or destroyed.
6. Copies of any other required regulatory approvals, including approvals by the National Credit Union Administration, Federal Deposit Insurance Corporation, and the Illinois Department of Financial and Professional Regulation of any related applications.
7. A copy of the final statement of merger filed with the Delaware Division of Corporations reflecting the merger of the Bank into Merger LLC.

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. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

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.

If these transactions are not consummated within six months from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

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

the OCC control number on any correspondence related to this filing. If you have any questions, contact David Hanlon at (202) 450-0177 or david.hanlon@occ.treas.gov.

Sincerely,

/s/

Stephen A. Lybarger
Deputy Comptroller for Licensing