

**Conditional Approval #1309
September 2023**

July 28, 2023

Chris Floyd
Chief Executive Officer & President
Dream First Bank, National Association
11 North Main Street
Syracuse, KS 67878

sent via email to: chris.floyd@dreamfirst.bank

Re: Application by Dream First Bank, National Association, Syracuse, Kansas to purchase certain assets and assume certain liabilities of Heartland Tri-State Bank, Elkhart, Kansas
2023-FailureAcq-333064

Dear Mr. Floyd:

The Office of the Comptroller of the Currency (“OCC”) hereby conditionally approves the application of Dream First Bank, National Association, Syracuse, Kansas (“Acquirer” or “DFB”) to purchase certain assets of and assume certain liabilities of Heartland Tri-State Bank, Elkhart, Kansas (“Failed Entity”), for the reasons and subject to the conditions set below. As discussed below, the transaction may be consummated immediately as authorized by 12 U.S.C. § 1828(c)(6).

The OCC understands that the Commissioner of the Kansas Office of the State Bank Commissioner (“Kansas Commissioner”) intends to appoint the Federal Deposit Insurance Corporation as receiver for Failed Entity, a state-chartered bank with deposits insured by the FDIC, on July 28, 2023. The Failed Entity had total assets of approximately \$139 million and total deposits of approximately \$130 million as of March 31, 2023. DFB will purchase approximately \$125 million in total assets and assume approximately \$117 million in deposits. The Comptroller has now been asked to grant his written approval of the proposed agreement negotiated between the FDIC and Acquirer by which the latter would purchase certain assets and assume certain liabilities of Failed Entity.

This approval is granted based upon the information contained in the Acquirer’s application and other information and representations made to the OCC during its processing of the application.

The Purchase and Assumption

Acquirer applied to the OCC for approval to purchase certain assets of and assume certain liabilities of Failed Entity under 12 U.S.C. §§ 24 (Seventh) and 1828(c) (the “Transaction”). The Acquirer and Failed Entity are located in Kansas and all of the Failed Entity’s branches are

located in Kansas. A national bank may acquire all or part of a depository institution through a purchase and assumption transaction under 12 U.S.C. § 24 (Seventh). Thus, the Transaction is legally authorized and the OCC approves the Transaction.

Acquirer also requested OCC approval to retain the branches of Failed Entity upon consummation of the Transaction. Under 12 U.S.C. § 36(c), it is permissible for a national bank to establish new branches, with the approval of the OCC, at any point within the state in which it is situated if a state-chartered bank would be authorized to do so under state law, subject to the restrictions as to location imposed by the law of the State on State banks. Acquirer is currently “situated” in Kansas for the purpose of 12 U.S.C. § 36(c) because it maintains branches and its main office in that state.

Kansas permits state-wide de novo branching and the retention of bank locations by an acquiring institution. Thus, Acquirer can acquire the Bank’s Kansas branches as part of the transaction.

Bank Merger Act

The OCC reviewed the proposed purchase and assumption Transaction under the criteria of the Bank Merger Act, 12 U.S.C § 1828(c), and applicable OCC regulations and policies. The OCC considered the risk of this transaction to the stability of the U.S. banking or financial system, financial and managerial resources of the banks, their future prospects, and the convenience and needs of the communities to be served. In addition, the Bank Merger Act requires the OCC to consider “the effectiveness of any insured depository institution involved in the proposed merger transaction in combatting money laundering activities, including overseas branches.” 12 U.S.C. § 1828(c)(11). We considered these factors and found them consistent with approval under the statutory provisions.

In addition, the OCC also finds, under the standards set forth in the Bank Merger Act, that it must act on the application immediately. 12 U.S.C. § 1828(c)(3), (4)(C)(i), and (6). Consequently, there is no requirement for publication of notice of the Transaction, for a request by the OCC of a competitive factors report from the Attorney General, or for a post-approval waiting period prior to consummation of the Transaction.

Community Reinvestment Act

The Community Reinvestment Act (“CRA”) requires the OCC to take into account the applicants’ record of helping to meet the credit needs of the community, including low- and-moderate-income (“LMI”) neighborhoods, when evaluating certain applications, including transactions that are subject to the Bank Merger Act. 12 U.S.C. § 2903; 12 C.F.R. § 25.29. A review of the CRA record and other information available to the OCC as a result of its regulatory responsibilities revealed no evidence that the applicants’ record of helping to meet the credit needs of their communities, including LMI neighborhoods, is less than satisfactory.

Conditions

This approval is subject to the following conditions. The conditions of this 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.

1. To ensure Acquirer has sufficiently allocated resources to address any supervisory issues that arise post-acquisition, for a period of two years from the purchase and assumption consummation date, Acquirer shall not declare or pay any dividend without receiving a prior written determination of no supervisory objection from the OCC. Any request submitted pursuant to this condition shall occur at least 30 days prior to the declaration date and certify that the proposed dividend complies with applicable capital distribution requirements.
2. The Bank will not acquire any crypto-asset-related assets, assume any crypto-asset-related liabilities, and will not engage in any crypto-asset-related activities or services including, but not limited to, any activity or service addressed in OCC Interpretive Letters 1170, 1172, 1174, and 1179, unless it has received prior written determination of no supervisory objection from the OCC. To the extent any assets, liabilities, activities, or services are acquired as a result of this transaction, the Bank represents it will immediately divest.
3. Acquirer shall comply with the representations contained in the letter from Chris Floyd, to the OCC dated July 28, 2023.

Consummation Guidance

This approval is granted based on our understanding that other applicable regulatory approvals, non-objections or waivers with respect to the proposed Transaction will have been received prior to the consummation of the Transaction. In addition, this approval is contingent upon the FDIC being appointed receiver for the Failed Entity.

Within seven days of consummation of the Transaction, please provide the district office with copies of the following documents:

- A Secretary’s Certificate, as applicable, certifying that a majority of the board of directors approved.
- An executed purchase and assumption agreement.
- Documentation that all other conditions that the OCC imposed have been met.

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 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.

If you have questions regarding this letter, please contact Debra Burke at debra.burke@occ.treas.gov. Please reference the application control number in any correspondence.

Sincerely,

/s/

Stephen Lybarger
Deputy Comptroller, Licensing Department