

OFFICE OF THRIFT SUPERVISION

APPROVAL OF APPLICATIONS FOR PERMISSION TO ORGANIZE A FEDERAL SAVINGS BANK, MERGER APPLICATION, HOLDING COMPANY ACQUISITION, AND TRUST POWERS

ORDER NO.: 98-17

DATE: February 13, 1998

Northwest Bank Holding Company, River Cities investment Co., and Northwest Investment Corp., all of Davenport, Iowa (the "Applicants"), have applied to the Office of Thrift Supervision pursuant to 12 U.S.C. § 1464(e) and 12 C.F.R. § 552.2-1 for permission to organize a Federal savings bank to be known as Northwest Bank & Trust Company (A Federal Savings Bank) ("New FSB").

In addition, the Applicants seek OTS approval pursuant to 12 U.S.C. §§ 1815(d) and 1828(c) and 12 C.F.R. §§ 552.13 and 563.22(a) for the New FSB to acquire Northwest Bank & Trust Company, Davenport, Iowa (the "Bank"), in a merger transaction. The Applicants also seek OTS approval, pursuant to 12 U.S.C. § 1467a(e) and 12 C.F.R. § 574.3 to acquire the New FSB. The Applicants have applied to the OTS pursuant to 12 U.S.C. § 1464(n) and 12 C.F.R. § 550.2 for the New FSB to exercise full trust powers, and have requested that the Savings Bank be granted a two-year exception from the qualified thrift lender ("QTL") test pursuant to 12 U.S.C. § 1467a(m)(2). (Collectively, the foregoing are referred to as "the Applications.")

The Director or his designee (the "**Director**") has considered the Applications under the standards set forth in 12 U.S.C. §§ 1464(e), 1464(n), 1467a(e), 1467a(m), 1815(d), and 1828(c), and 12 C.F.R. §§ 550.2, 552.2-1, 552.13, 563.22(d), and 574.7. The Director has considered the permission to organize, holding company and merger applications under the Community Reinvestment Act, 12 U.S.C. § 2901 et seq., and the OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, the Director has considered a digest from the Midwest Regional Office, an analysis prepared by Corporate Activities and a legal opinion from the Business Transactions Division (collectively, the "Staff Memoranda").

For the reasons set forth in the Staff Memoranda, the Director finds that the Applications satisfy the applicable approval standards, provided that the conditions set forth **below** are satisfied, and that approval of the applications is consistent with the Community Reinvestment Act and OTS regulations thereunder.

Accordingly, the Applications are 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 officer of the Bank and the Applicants shall certify to the Regional Director, in writing, that no material adverse events or material adverse changes have occurred with respect to the financial condition or operations of the Bank and the Applicants, respectively, since the date of the financial statements submitted with the Applications;

3. The Bank and the Applicants will obtain all required regulatory and shareholder approvals prior to consummation, and will act to satisfy all requirements and conditions imposed by the OTS, and comply with all applicable laws, rules and regulations;
4. No later than 5 calendar days from the date of consummation of the transaction, the New FSB shall file with the Regional Director a certification by legal counsel stating the effective date of the transaction and that the transaction has been consummated in accordance with the provisions of all applicable laws and regulations, the Applications and this Order; and
5. No later than 15 calendar days from the date of consummation of the transaction, the New FSB shall file with the Regional Director a certification by legal counsel that the Jane A. **Slavens** Trust was dissolved and shares held by the trust were distributed to the beneficiary prior to consummation of the transaction.

In connection with the proposed transaction, the New FSB has applied to the OTS, pursuant to 12 U.S.C. § 1467a(m)(2)(A) for a limited exception from the minimum actual thrift investment percentage requirement contained in 12 U.S.C. § 1467a(m)(1).

After considering the merits of the request, the OTS has determined that extraordinary circumstances exist within the meaning of § 1467a(m)(2)(A). As such, the OTS hereby grants a two-year temporary and limited exception to the requirements of § 1467a(m)(1). The New FSB's QTL measuring cycle will not begin until March 31, 2000.

By Order of the Director of the Office of Thrift Supervision, or his designee, effective February 13, 1998.



John E. Ryan
Acting Executive Director, Supervision