

**STATE OF NEBRASKA**  
**Department of Banking & Finance**

In the Matter of the Application of ) Cornerstone Bank, York, York County, ) Nebraska, to Acquire the Assets and ) Assume the Liabilities of Bank of Orchard, ) Orchard, Antelope County, Nebraska, and ) to Establish a Branch )	FINDINGS OF FACT  CONCLUSIONS OF LAW  AND ORDER
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THIS MATTER comes before the Nebraska Department of Banking and Finance (“Department”) upon the application of Cornerstone Bank, 529 North Lincoln Avenue, York, York County, Nebraska (“Cornerstone”), to acquire substantially all the assets and assume substantially all the liabilities, including all deposit liabilities, of Bank of Orchard, 145 East 2<sup>nd</sup> Street, Orchard, Antelope County, Nebraska (“Orchard”), and to establish the office of Orchard as a branch of Cornerstone pursuant to Neb. Rev. Stat. § 8-1516 (Reissue 2022) and Neb. Rev. Stat. § 8-157 (Reissue 2022).

Being fully advised in the matter, the Department, by and through its Director, makes the following Findings of Fact, Conclusions of Law, and Order.

**FINDINGS OF FACT**

1. On August 28, 2024, Cornerstone submitted an application to the Department to acquire substantially all the assets and assume substantially all the liabilities, including all deposit liabilities, of Orchard, and to establish and operate the office of Orchard as a branch of Cornerstone.

2. The Department accepted the application for filing as being substantially complete on September 10, 2024.

3. Cornerstone was originally chartered as a national banking association by the Office of the Comptroller of the Currency (“OCC”) in 1882, under the name, “The First National Bank of York.” The bank changed its name to Cornerstone Bank, N.A. in 1997. In September 2006, Cornerstone Bank, N.A. converted its national bank charter and trust department to a state bank charter with a state trust department, under the name “Cornerstone Bank.” Cornerstone operates under state Charter No. 1834. Cornerstone has continuously operated as a Nebraska commercial bank since 1882.

4. In addition to its main office, Cornerstone operates branches in Antelope, Boone, Buffalo, Butler, Cass, Clay, Fillmore, Franklin, Hall, Hamilton, Kearney, Knox, Madison, Merrick, Platte, Polk, Saunders, Sherman, Thayer, Valley, Webster, Wheeler, and York Counties, Nebraska.

5. The records of the Department show that Orchard was incorporated as a state bank and granted Charter No. 1696 in April 1950 by the Department under the name, “Bank of Orchard.” Department records indicate Orchard has continuously operated as a Nebraska state bank since that time.

6. Orchard operates no branches.

7. Cornerstone will operate the existing main office of Orchard as a Cornerstone branch following the acquisition.

8. Cornerstone has demonstrated that the proposed acquisition of Orchard and operation of the new branch will not adversely affect Cornerstone’s condition.

9. Cornerstone proposes to name the acquired Orchard, Nebraska office, “Cornerstone Bank, Orchard Branch.”

10. The proposed name of the Orchard, Nebraska office is not similar to the name of any unaffiliated bank or bank branch in Orchard, Nebraska, or in Antelope County, Nebraska.

11. Accounts in Cornerstone and Orchard are separately insured by the Federal Deposit Insurance Corporation (“FDIC”). The Federal Reserve Bank (“FED”) is the primary federal regulator for Cornerstone. As such, Cornerstone filed an application with the FED for approval of the proposed acquisition. The application is pending. If the FED approves the application, deposit accounts currently held in Orchard will continue to be insured by the FDIC after the acquisition, subject to FDIC insurance coverage limits.

12. Cornerstone is owned and controlled by First York Ban Corp. (“First York”), a financial holding company. Orchard is wholly owned by Orchard Bancorp, a bank holding company. Immediately following Cornerstone’s acquisition of substantially all the assets and assumption of substantially all the liabilities, including all deposit liabilities, of Orchard, Orchard will discontinue operations, and the existing office of Orchard will be converted to a branch of Cornerstone.

13. Neither Cornerstone nor First York owns or controls more than twenty-two percent of the deposits in Nebraska. Following the transactions set forth in Finding of Fact No. 12, above, neither Cornerstone nor First York will own or control more than twenty-two percent of the deposits in Nebraska.

14. Cornerstone has paid the merger application fee and the branch application fee required by Neb. Rev. Stat. § 8-602 (Supp. 2023) to the Department.

## CONCLUSIONS OF LAW

1. An application by a state-chartered bank to acquire another state-chartered bank and to operate the acquired bank and its branches, if any, as branches of the acquiring bank should be based upon the facts and circumstances known to the Department and the applicable law.

2. Neb. Rev. Stat. § 8-1516 (Reissue 2022) provides that, with the approval of the Director of the Department, a bank may acquire another bank in Nebraska if the acquired bank and its branches are converted to branches of the acquiring bank. Neb. Rev. Stat. § 8-157(3) (Reissue 2022) provides that with the approval of the Director, a bank may establish and maintain branches acquired pursuant to Section 8-1516, and that all banking transactions allowed by law may be made at such branches.

3. Based on Findings of Fact Nos. 6 and 7, the Department concludes that the requirements of Section 8-1516 and Section 8-157(3) have been met in that the existing office of Orchard will be converted to a branch of Cornerstone.

4. Neb. Rev. Stat. § 8-1902 (Reissue 2022) provides that it is unlawful for two or more financial institutions in the same city, village, or county to have or use the same name, or names so similarly alike, as to cause confusion in the transaction of business.

5. Neb. Rev. Stat. § 8-157(6) (Reissue 2022) provides that the name given to any bank branch shall not be substantially similar to the name of any existing bank or bank branch which is unaffiliated with the newly created branch located in the same city, village, or county, and the name shall be approved by the Director of the Department.

6. Based on Findings of Fact Nos. 9 and 10, the Department concludes that the proposed name for the Orchard branch meets the requirements of Section 8-1902 and Section 8-157(6).

7. Neb. Rev. Stat. § 8-910 (Reissue 2022) provides that it shall be unlawful for any bank holding company to acquire direct or indirect ownership or control of any voting shares of any bank if, after the acquisition, the bank or banks so owned would have deposits in Nebraska in an amount greater than twenty-two percent of the total deposits of all banks in Nebraska, plus the total deposits, savings accounts, passbook accounts, and shares in savings and loan associations and building and loan associations in Nebraska.

8. Based on Findings of Fact Nos. 12 and 13, neither Cornerstone nor First York fall within the limitations of Section 8-901 and would not fall within the limitations of said statute if the application is approved.

9. The Director concludes that the application of Cornerstone to acquire substantially all the assets and assume substantially all the liabilities, including all deposit liabilities, of Orchard, and to establish and operate a branch at the main office of Orchard should be approved.

### **ORDER**

IT IS THEREFORE ORDERED that the application of Cornerstone Bank, 529 North Lincoln Avenue, York, York County, Nebraska to acquire substantially all the assets and assume substantially all the liabilities, including all deposit liabilities, of Bank of Orchard, 145 East 2<sup>nd</sup> Street, Orchard, Antelope County, Nebraska, and to operate the sole office of Bank of Orchard as a branch of Cornerstone Bank under the name, “Cornerstone Bank, Orchard Branch,” be, and hereby is, approved.

This Order is subject to the following conditions:

1. Cornerstone Bank shall receive the prior written approval of the FED for the application filed by Cornerstone and shall file proof of such with the Department within ten days after Cornerstone Bank’s receipt of such approval.

2. Cornerstone Bank’s proposed acquisition of substantially all the assets and assumption of substantially all the liabilities, including all deposit liabilities, of Bank of Orchard shall be effected prior to April 1, 2025, or this Order shall become null and void unless good cause is shown in writing to the Department, and the Department approves an extension in writing.

3. Cornerstone Bank shall supply the Department written notification of the effective date of its acquisition of substantially all the assets and assumption of substantially all the liabilities, including all deposit liabilities, of Bank of Orchard, and commencement of combined operations within five days after the effective date.

4. A certified copy of any documents filed with the Office of the Nebraska Secretary of State in connection with the transaction, shall be filed with the Department within five days of recordation.

5. Cornerstone Bank shall surrender the bank charter and Executive Officer Licenses held by Bank of Orchard to the Department within ten days after the effective date of commencement of combined operations.

6. The Department reserves the right to amend, suspend, or withdraw its approval should any interim development occur prior to the effective date of the transaction which the Department deems of sufficient significance to warrant such action.

DATED this 2nd day of October, 2024.



**STATE OF NEBRASKA  
DEPARTMENT OF BANKING AND FINANCE**

DocuSigned by:  
*Kelly Lammers*  
By: \_\_\_\_\_  
Kelly Lammers, Director

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