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Comptroller of the Currency  
Administrator of National Banks

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Central District Office  
One Financial Place, Suite 2700  
440 South LaSalle Street  
Chicago, Illinois 60605

**Conditional Approval #790  
March 2007**

February 27, 2007

Mr. John M. Geiringer  
Barack, Ferrazzano, Kirschbaum,  
Perlman & Nagelberg, LLP  
333 West Wacker Drive, Suite 2700  
Chicago, Illinois 60606

Re: Application by The Old Second National Bank of Aurora, Aurora, Illinois, to Establish Two Operating Subsidiaries.

Dear Mr. Geiringer:

This is in response to your operating subsidiary application dated September 19, 2006, filed on behalf of The Old Second National Bank of Aurora (the Bank), and subsequent correspondence dated December 4, 2006. The Bank proposes to establish two operating subsidiaries (the subsidiaries) to engage in certain permissible activities.

Based on a thorough review of all information available, including the representations and commitments made in the application and by the Bank's representatives, the Comptroller of the Currency (OCC) approves the Bank's plan for:

- Old Second Management, LLC, Las Vegas, Nevada (OS Management), to hold the equity interests of Old Second Realty, LLC, Aurora, Illinois, and engage in investment activities, including holding and managing for its own account a portfolio of municipal securities, and
- Old Second Realty, LLC, Aurora, Illinois (OS Realty), to hold certain residential and commercial mortgage loans originated and serviced by the Bank and elect to be treated as a real estate investment trust (REIT) under the Internal Revenue Code Section 856.

We conclude that the Bank may proceed with its plan subject to the following conditions:

- The books and records of operating subsidiary OS Management and its office in the Cayman Islands will be located at facilities of the Bank or one of its subsidiaries in the United States, provided that OS Management may maintain those items in the Cayman Islands as are required to be maintained in the jurisdiction under applicable law. The Bank and OS Management will maintain duplicate copies of any such items required to be maintained in the Cayman Islands at facilities of the Bank or one of its subsidiaries in the United States. The Bank and OS Management will ensure prompt OCC access to all books and records.

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- The Bank and OS Management acknowledge and consent that OS Management will be subject to OCC examination, supervision, and regulation.
- If any impediments should arise to satisfactory OCC access to OS Management's books and records, or to OCC examination, supervision and regulation of OS Management, the OCC may direct the Bank to cease operations through OS Management, and the Bank shall do so within the time period specified by the OCC.
- If the Bank plans to establish or acquire additional subsidiaries in the future to engage in activities similar to OS Management involving the establishment of a foreign office for receipt of proceeds related to its investment activities and dividend payments from its underlying real estate investment trust (REIT) subsidiary, the Bank will file an application with the OCC under 12 C.F.R. § 5.34, notwithstanding the provisions of section 5.34 (e)(5)(vi).

The conditions of this approval are "conditions imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. § 1818. As such, the conditions are enforceable under 12 U.S.C. § 1818.

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

If you have any questions, you may contact me at (312) 360-8863 or Senior Licensing Analyst Travis W. Wilbert at (312) 360-8866.

Sincerely,

/s/

David J. Rogers  
Director for District Licensing