



May 31, 2013

**Conditional Approval #1072**  
**June 2013**

Andrew S. Wallach, III  
Senior Vice President and CFO  
North Shore Bank, FSB  
15700 W. Bluemound Road  
Brookfield, Wisconsin 53005

Re: Application by North Shore Bank, FSB, Brookfield, Wisconsin to purchase certain assets and assume certain liabilities of Banks of Wisconsin, Kenosha, Wisconsin  
OCC Application Number: R3-2013-0053

Dear Mr. Wallach:

The Office of the Comptroller of the Currency (“OCC”) hereby conditionally approves the application of North Shore Bank, FSB, Brookfield, Wisconsin (“Acquirer” or “Bank”) to purchase certain assets of and assume certain liabilities of Banks of Wisconsin, Kenosha, Wisconsin, (“Failed Entity”), for the reasons set forth below. As discussed below, the transaction may be consummated immediately upon approval. 12 U.S.C. §1828(c)(6).

Failed Entity, a state non-member bank with deposits insured by the Federal Deposit Insurance Corporation (“FDIC”), was closed by the Wisconsin Department of Financial Institutions on May 31, 2013, and the FDIC was appointed as receiver. At the close of business on December 31, 2012, the Failed Entity had total assets of approximately \$137 million. 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.

As a condition of this approval, North Shore Bank, FSB shall take all steps necessary to ensure adherence with the commitments set forth in the May 30, 2013 letter from Senior Vice President and Chief Financial Officer Andrew S. Wallach III. The condition of this approval is a condition “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 U.S.C. § 1818. As such, the conditions are enforceable under 12 U.S.C. § 1818.

## **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. §1828(c) (the “Transaction”). The Acquirer is headquartered in Wisconsin and has multiple branch offices in Wisconsin and Illinois. All of the Failed Entity’s offices are located in Wisconsin. A federal savings association may acquire all or part of a depository institution through a purchase and assumption transaction under 12 U.S.C. § 1828(c). Thus, the Transaction is legally authorized and the OCC approves the Transaction.

Acquirer also requested OCC approval to retain the main office and branch of the Failed Entity as branches upon consummation 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 12 C.F.R. § 163.22. The OCC considered the capital level of the acquirer, financial and managerial resources of the banks, their future prospects, the convenience and needs of the communities to be served, the risk to the stability of the United States banking or financial system, the conformity of the transaction to applicable law, regulation, and supervisory policies, and various factors relating to fairness and disclosure. In addition, the Bank Merger Act and its implementing regulations require the OCC to consider “the effectiveness of any insured depository institution involved in the proposed merger transaction in combating money laundering activities, including overseas branches.” 12 U.S.C. § 1828(c)(11). Finally, the OCC considered the risk of the transaction to the stability to the United States banking or financial system. 12 U.S.C. §1828(c)(5) (as amended by section 604 of Dodd-Frank). 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 USC § 2903 and 12 C.F.R. § 195. The OCC considers the CRA performance evaluation of each institution involved in the Transaction. A review of the record of these applicants 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.

### **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.

Within five days of consummation of the Transaction, the Bank must provide the Central District Office a copy of the executed purchase and assumption agreement.

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. 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 the undersigned or Director for District Licensing Travis W. Wilbert at (312) 360-8863.

Sincerely,

*Carolina M. Ledesma*

Carolina M. Ledesma  
Acting Director for District Licensing