



Comptroller of the Currency
Administrator of National Banks

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

February 11, 2003

CRA Decision #115
March 2003

Mr. Hoyt R. Stastney
Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, Wisconsin 53202

Re: Application by First National Bank & Trust Company, Beloit, Wisconsin to purchase certain assets and assume certain liabilities of three Clinton and Darien, Wisconsin branch offices of Amcore Bank, National Association, Rockford, Illinois; OCC Application Number: 02-CE-02-040

Dear Mr. Stastney:

This is to inform you that on February 11, 2003, the Office of the Comptroller of the Currency (OCC) approved your proposed transaction whereby First National Bank & Trust Company, Beloit, Wisconsin will purchase certain assets and assume certain deposit liabilities of three Clinton and Darien, Wisconsin branch offices of Amcore Bank, National Association, Rockford, Illinois. This approval is granted based on a thorough review of all information available, including commitments and representations made in the application and those of your representatives.

In rendering this decision, we reviewed the proposed purchase and assumption transaction under the criteria of the Bank Merger Act [12 U.S.C. 1828(c)], the Community Reinvestment Act ("CRA") (12 U.S.C. 2901 et. seq.) and applicable OCC regulations and policies. We also considered the financial and managerial resources of the two banks, their future prospects, and the convenience and needs of the communities to be served.

The OCC received one comment after the expiration of the public comment period in connection with the proposed transaction. The commenter alleged that the transaction was anticompetitive and that First National Bank & Trust Company had a poor record of lending to minorities compliance and of community reinvestment. As more fully described in the attached letter dated February 11, 2003 to the commenter, we found that approval of the transaction was not anti competitive and was consistent with CRA.

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 combating money laundering activities, including overseas branches." We considered this factor and believe the approval of this transaction is consistent with that statutory provision.

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Quarles & Brady LLP

The district office must be advised in writing at least 10 days in advance of the desired effective date for the purchase and assumption, so that the OCC may issue the necessary certification letter. The effective date must be after the expiration of the period during which the Department of Justice may file an injunction to stop the merger, i.e., at least 15 days after the date of this letter.

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 U.S., any agency or entity of the U.S., or an officer or employee of the U.S., 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 U.S.

Please address any correspondence, documents and questions regarding this transaction to National Bank Examiner Carolina M. Ledesma, at (312) 360-8867.

Sincerely,

/s/ David J. Rogers

David J. Rogers
National Bank Examiner

Attachment



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

February 11, 2003

Mr. Dan Andreola
Hudson Bay Company
431 Park Avenue
Beloit, Wisconsin 53511

Re: Application by First National Bank & Trust Company, Beloit, Wisconsin to purchase certain assets and assume certain liabilities of three Wisconsin branches of Amcore Bank, National Association, Rockford, Illinois; OCC Application Number: 02-CE-02-040

Dear Mr. Andreola:

Please be advised that the Office of the Comptroller of the Currency (“OCC”) approved the above purchase and assumption transaction on February 11, 2003. Our decision took into account a variety of factors including First National Bank & Trust Company’s (“Bank”) record of performance under the Community Reinvestment Act (“CRA”), as well as the issues and concerns you raised in your January 21, 2003 letter.

Based upon your comments, the OCC removed the application from expedited processing in order to provide adequate time to investigate the concerns raised. The findings of the OCC’s investigation are presented below. Based on the OCC’s investigation, we found that approval of the proposed transaction was not anticompetitive and was consistent with the CRA.

You expressed concerns that Bank had a poor record of lending to minorities and of community reinvestment within the Beloit community. However, we did not find any evidence of these concerns.

The OCC recently assigned a “Satisfactory” Community Reinvestment Act (CRA) rating at its most recent Performance Evaluation (“PE”) dated October 7, 2002. The OCC evaluated the bank’s performance using criteria relative to its lending, investments, and services. The three component ratings for the lending, investments and services tests were rated “High Satisfactory”, “Low Satisfactory” and “Low Satisfactory”, respectively. The attached PE provides a detailed analysis of Bank’s community reinvestment efforts in its assessment area, which is comprised of Rock County and a small portion of Walworth County.

With respect to minority lending, an OCC examiner with extensive consumer compliance experience reviewed Bank’s 2001 Home Mortgage Disclosure Act (“HMDA”) data. The examiner concluded that there was no evidence of discrimination. Rock and Walworth Counties

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have a predominantly white population. Of the 48 census tracts in the area, only four have minority populations of 20%-50%. The 2001 HMDA data indicates that the bank received 12 applications from minorities, granted nine of the loans, and three applications were withdrawn. No loans were denied to minority applicants.

You also expressed concerns that the transaction would have an anticompetitive effect. Our review indicated that while the purchase and assumption will eliminate one competitor in each of the relevant banking markets, there is no adverse effect on competition due to the presence of numerous other banking alternatives. In addition, the Federal Deposit Insurance Corporation, the Federal Reserve Bank of Chicago, and the US Justice Department reviewed the competitive effects of the proposed transaction and concluded that it will have no adverse effect on competition within the relevant banking markets.

Should you have any questions regarding this letter please contact the undersigned or National Bank Examiner Carolina M. Ledesma at (312) 360-8863.

Sincerely,

/s/ David J. Rogers

David J. Rogers
National Bank Examiner

Attachment