



Comptroller of the Currency
Administrator of National Banks

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

December 27, 2010

Conditional Approval #986
January 2011

Mr. Dennis R. Wendte, Partner
Barack Ferrazzano Kirschbaum & Nagelberg LLP
200 West Madison Street, Suite 3900
Chicago, Illinois 60606

Re: Application by Grand Ridge National Bank, Grand Ridge, Illinois to increase capital and to purchase the assets and assume the liabilities of the Wheaton, Illinois branch of First State Bank of Illinois, La Harpe, Illinois
OCC Application Numbers: 2010-CE-12-178 and 2010-CE-02-028

Dear Mr. Wendte:

The Office of the Comptroller of the Currency (OCC) conditionally approves the proposed transaction whereby Grand Ridge National Bank, Grand Ridge, Illinois will purchase certain of the assets and assume certain of the liabilities of the Wheaton, Illinois branch of First State Bank of Illinois, La Harpe, Illinois. The OCC also approves the bank's proposal to increase its capital by \$4,000,000 through a common stock sale. This approval is granted based on a thorough review of all information available, including commitments and representations made in the application, purchase and assumption agreement, and those of your representatives.

The OCC reviewed the proposed purchase of assets and assumption of liabilities transaction under the criteria of the Bank Merger Act, 12 USC 1828(c), and applicable OCC regulations and policies. Among other matters, we found that the proposed transaction would not have significant anticompetitive effects. The OCC considered the financial and managerial resources of the banks, their future prospects, the convenience and needs of the communities to be served, and their effectiveness in combating money laundering activities. We considered these factors and found them consistent with conditional approval.

This approval is subject to the following conditions:

1. The Bank shall: (i) give the Peoria Field Office at least sixty (60) days prior written notice of its intent to significantly deviate or change from its business plan or operations,¹ and (ii) obtain the OCC's written determination of no objection before the Bank engages in

¹ "Business plan" refers only to the document submitted on December 3, 2010 in connection with the proposed branch purchase application and subsequent changes provided electronically on December 17, 2010.

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any significant deviation or change from its business plan or operations.² The OCC may impose additional conditions it deems appropriate in a written determination of no objection to a bank's notice. This condition shall remain in effect for the three years of operation following the consummation of the proposed purchase and assumption transaction.

2. The Bank shall maintain on an ongoing basis the following minimum capital ratios as defined in 12 C.F.R. Part 3:
 - Tier one capital to adjusted total assets of eight percent (8%)

The conditions of this approval are conditions "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 district office must be advised in writing in advance of the desired effective date for the purchase and assumption, so it may issue the necessary certification letter. The effective date must follow the applicable Department of Justice's injunction period and any other required regulatory approval.

If the purchase and assumption is not consummated within one year from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

The change in capital should be completed within one year of the date of this letter. Please notify the OCC following the effective date of the stock sale so that we may certify the increase in capital.

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

² If such deviation is the subject of an application filed with the OCC, no separate notice to the supervisory office is required.

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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 me at (312) 360-8866 or at Travis.Wilbert@occ.treas.gov. Please reference the application control number in any correspondence.

Sincerely,

Travis W. Wilbert

Travis W. Wilbert
Director For District Licensing
National Bank Examiner