



---

Comptroller of the Currency  
Administrator of National Banks

---

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

October 10, 2008

**Conditional Approval #883  
November 2008**

Mr. Jerome H. Hutchison  
President  
National Bank  
212 S. Main Street  
Hillsboro, Illinois 62049

**Re: Application by National Bank, Hillsboro, Illinois to purchase certain assets and assume certain liabilities of Meridian Bank, Eldred, Illinois -- OCC Application Number: 08-CE-02-032**

Dear Mr. Hutchison:

The Office of the Comptroller of the Currency (“OCC”) conditionally approves the application of National Bank, Hillsboro, Illinois (“Acquirer” or “ABC”) to purchase certain assets and assume certain liabilities of Meridian Bank, Eldred, Illinois (“Failed Entity”), a State-Chartered Bank, for the reasons and subject to the conditions set below. You may consummate this transaction immediately upon approval. 12 U.S.C. § 1828(c)(6).

Failed Entity was chartered as a State-Chartered Bank on October 12, 1910. The entity was closed by the Illinois Department of Financial Professional Regulation-Division of Banking and was placed in the hands of the Federal Deposit Insurance Corporation (“FDIC”) as receiver on October 10, 2008. At the close of business on September 25, 2008, the Failed Entity had total assets of approximately \$39 million.

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.

### **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. §§ 24 (Seventh) and 1828(c) (the “Transaction”). The Acquirer and Failed Entity are both located in Illinois and all of the Failed Entity’s branches are located in Illinois. A national bank may acquire all or part of a depository institution through a purchase and assumption transaction under 12 U.S.C. § 24 (Seventh). Thus, the Transaction is legally authorized and the OCC approves the Transaction.

Page 2  
October 10, 2008  
Mr. Jerome H. Hutchison  
President  
National Bank

Acquirer also requested OCC approval to retain the branches of Failed Entity upon consummation of the Transaction. As authorized by 12 U.S.C. § 36(c), and Illinois intrastate branching law made applicable to national bank by section 36(c), the OCC approved Acquirer's retention of Failed Entity's branches as branches of Acquirer.

### **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 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. 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," 12 U.S.C. § 1828(c)(11). 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. *Id.*

### **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 U.S.C. § 2903; 12 C.F.R. § 25.29. 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.

Page 3  
October 10, 2008  
Mr. Jerome H. Hutchison  
President  
National Bank

### **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 seven days of consummation of the Transaction, please provide the district office with copies of the following documents:

- A Secretary's Certificate, as applicable, certifying that a majority of the board of directors approved.
- An executed purchase and assumption agreement.
- Documentation that all other conditions that the OCC imposed have been met.

This conditional 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 any 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.

If you have questions regarding this letter, please contact me at (312) 360-8866 or [Travis.Wilbert@occ.treas.gov](mailto:Travis.Wilbert@occ.treas.gov). Please reference the application control number in any correspondence.

Sincerely,

*signed*

Travis W. Wilbert  
Director For District Licensing  
National Bank Examiner