

FEDERAL DEPOSIT INSURANCE CORPORATION  
WASHINGTON, D.C.

_____ )	
EDGAR COUNTY BANK AND )	ORDER ACCEPTING
TRUST COMPANY )	PARTIAL SATISFACTION
PARIS, ILLINOIS )	OF CROSS GUARANTEE
(INSURED DEPOSITORY INSTITUTION) )	LIABILITY AND CONDITIONALLY
)	GRANTING APPROVAL
and )	FOR WAIVER OF CROSS
)	GUARANTEE
FIRST NATIONAL BANK OF GILMAN )	
GILMAN, ILLINOIS )	FDIC-09-632kk
(INSURED DEPOSITORY INSTITUTION) )	
_____ )	

WHEREAS, Edgar County Banc Shares, Inc., Paris, Illinois (Edgar County), a holding company which controls Edgar County Bank and Trust Company, Paris, Illinois (“ECBT”), has proposed to acquire 100 percent of the voting stock of First National Bank of Gilman, Gilman, Illinois (“FNB Gilman”), from Iroquois Bancorp, Gilman, Illinois (“Iroquois”); and

WHEREAS, FNB Gilman is currently subject to cross guarantee liability pursuant to Section 5(e) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. §1815(e), arising from the failure of The John Warner Bank, Clinton, Illinois (“John Warner”), a failed bank that also had been controlled by Iroquois; and

WHEREAS, Iroquois has agreed to sell FNB Gilman to Edgar County with 80 percent of the proceeds going to the Federal Deposit Insurance Corporation (“FDIC”) and the remaining 20 percent paying the lender of a loan secured by 100 percent of the stock of FNB Gilman; and

WHEREAS, Edgar County has applied to, following its purchase, merge FNB Gilman with and into ECBT, and Edgar County has agreed to contribute \$1.5 million of capital into the combined bank; and

WHEREAS, Edgar County's proposed acquisition and its corresponding commitment to inject capital as detailed above are conditioned upon the FDIC, pursuant to Section 5(e)(5)(A) of the Act, 12 U.S.C. § 1815(e)(5)(A), accepting a partial satisfaction of the cross guarantee liability against FNB Gilman and granting a conditional waiver of the remainder of FNB Gilman's cross guarantee liability; and

WHEREAS, Edgar County has requested that the FDIC accept a partial satisfaction and grant a conditional partial waiver of cross guarantee liability as described herein.

BE ADVISED that the Board of Directors of the FDIC, having fully considered the facts and information relating to the foregoing request, has concluded that accepting the proposed partial satisfaction and granting the conditional partial waiver is in the best interests of the Deposit Insurance Fund and that approval of the request should be and hereby is granted, subject to the conditions and restrictions set forth below.

IT IS THEREFORE ORDERED THAT:

1. This ORDER ACCEPTING PARTIAL SATISFACTION OF CROSS GUARANTEE LIABILITY AND CONDITIONALLY GRANTING APPROVAL FOR WAIVER OF CROSS GUARANTEE ("ORDER") will become effective upon the consummation of the proposed acquisition once approved by the FDIC and the Federal Reserve Bank of Chicago and the Board of Governors of the Federal Reserve Board. Absent such consummation within ninety days from the date of issuance of this ORDER,

this ORDER will become null and void unless, upon the written request of Edgar County, the FDIC, in its discretion, grants an extension of that time period.

2. The exemption granted by this ORDER shall be conditioned upon recapitalization of the post-merger ECBT by Edgar County in the amount of \$1,500,000.

3. The exemption granted by this ORDER may not be conveyed or otherwise transferred.

4. Should the FDIC determine that Edgar County has failed to comply fully with the conditions and restrictions contained in this ORDER, the FDIC shall have the right to revoke this exemption after giving Edgar County written notice of said revocation and a reasonable opportunity to be heard on the matter.

5. Within 10 business days after consummation of the sale, Iroquois will cause to be delivered to the FDIC a full accounting of attorney's fees associated with the transaction, and, if the aggregate totals are less than \$50,000, 80 percent of such difference will be delivered to the FDIC within five business days thereafter;

6. Within 90 days subsequent to consummation of the sale, Edgar County will cause to be delivered to the FDIC a detailed estimate of costs anticipated to convert FNB Gilman's data processing platform to that of ECBT, and that, if at the close of the escrow period, any portion of the \$300,000 remains undisbursed, 80 percent of such difference will be delivered to the FDIC out of the escrow as prescribed in provision 8 below.

7. Prior to consummation of the sale, Edgar County will deliver to the FDIC a detailed estimate of loss exposures from the FNB Gilman loan portfolio that had not been charged off the books of FNB Gilman yet. If at the close of the escrow period, any

portion of the \$475,000 remains undisbursed, 80 percent of such difference will be delivered out of the escrow as prescribed in provision 8 below.

8. Concurrent with consummation of the sale to Edgar County, Iroquois will deliver payment to FDIC of the amount due, which is 80 percent of the net sales proceeds received by Iroquois after necessary adjustments (to be adjusted downward by 5 percent of every dollar of diminished deposits) and that any adjustments out of escrow required pursuant to paragraphs 6 or 7 above shall be delivered within five business days of the close of the escrow period as specified in the confidential Escrow Agreement, attached as Exhibit B to the confidential Stock Purchase Agreement pursuant to which FNB Gilman will be sold.

9. It is further ordered that Edgar County will inform the FDIC within three business days of any material changes to the proposed transaction, including estimates of net proceeds.

10. The Order dated November 12, 2009, bearing Seal No. 077416 is hereby rescinded.

By direction of the Board of Directors.

Dated at Washington, D.C., this 11<sup>th</sup> day of December, 2009.

/s/  
\_\_\_\_\_  
Valerie J. Best  
Assistant Executive Secretary