

FEDERAL RESERVE SYSTEM

Premier Commerce Bancorp, Inc.
Palos Hills, Illinois

Order Approving the Formation of a Bank Holding Company

Premier Commerce Bancorp, Inc. (“Premier Commerce”) has requested the Board’s approval under section 3 of the Bank Holding Company Act (“BHC Act”)¹ to become a bank holding company and to acquire all the voting shares of G.R. Bancorp, Ltd. (“GRB”), and thereby indirectly acquire GRB’s subsidiary bank, The First National Bank of Grand Ridge (“Bank”),² both of Grand Ridge, Illinois.

Notice of the proposal, affording interested persons an opportunity to comment, has been published (75 Federal Register 8944-45 (2010)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

Premier Commerce is a newly organized corporation formed for the purpose of acquiring control of GRB. Bank, with total assets of \$35.2 million, is the 545th largest insured depository institution in Illinois, controlling deposits of approximately \$28.4 million, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the state.³

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or that would be in furtherance of an attempt to monopolize the business of banking in any relevant banking market. The BHC Act

¹ 12 U.S.C. § 1842.

² GRB owns 83.3 percent of the voting shares of Bank.

³ Asset and deposit data are as of December 31, 2009. Ranking data are as of June 30, 2009, and reflect merger activity through that date. In this context, insured depository institutions include commercial banks, savings banks, and savings associations.

also prohibits the Board from approving a proposal that would substantially lessen competition in any relevant banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.⁴

Premier Commerce does not currently control a depository institution. Based on all the facts of record, the Board has concluded that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market and that competitive considerations are consistent with approval.

Financial, Managerial, and Supervisory Considerations and Future Prospects

Section 3 of the BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and the depository institutions involved in the proposal and certain other supervisory factors.⁵ The Board has considered those factors in light of all the facts of record, including supervisory and examination information received from the Office of the Comptroller of Currency (“OCC”), the primary federal supervisor of Bank, and publicly reported and other available financial information, including information provided by Premier Commerce. In addition, the Board has consulted with the OCC.

In evaluating financial factors in proposals involving newly formed small bank holding companies, the Board reviews the financial condition of both the applicant and the target depository institution. The Board also evaluates the financial condition of the pro forma organization, including its capital position, asset quality, and earnings prospects, and the impact of the proposed funding on the transaction. In addition, for proposals involving small bank holding companies, the Board evaluates the institution’s compliance with the Board’s Small Bank Holding Company Policy Statement, including compliance with those measures that are used to assess capital adequacy and overall

⁴ 12 U.S.C. § 1842(c)(1).

⁵ 12 U.S.C. § 1842(c)(2) and (3).

financial strength.⁶ In assessing financial factors, the Board consistently has considered capital adequacy to be especially important.

The Board has considered carefully the financial factors of the proposal. Bank currently is well capitalized and would remain so on consummation of the proposal, and Premier Commerce would be in compliance with relevant capital standards. The transaction will be structured as a cash purchase funded from proceeds of the issuance of new holding company stock. Based on its review of the financial considerations related to the proposal, the Board finds that Premier Commerce has sufficient financial resources to effect the acquisition and to comply with the Board's Small Bank Holding Company Policy Statement.

The Board also has considered the managerial resources of the applicant, including the proposed management of the organization. The Board has reviewed the examination records of Bank, including assessments of its current management, risk-management systems, and operations. In addition, the Board has considered the supervisory experience of the OCC with Bank, including its record of compliance with applicable banking laws and anti-money laundering laws, and the proposed management officials and principal shareholders of Premier Commerce. The Board also has considered Premier Commerce's plan for implementing the proposal, including the proposed management after consummation.

In addition, the Board has considered carefully the future prospects of Premier Commerce and Bank. Based on all the facts of record, the Board concludes that considerations relating to the financial and managerial resources and future prospects of the institutions involved in the proposal are consistent with approval, as are the other supervisory factors under the BHC Act.

Convenience and Needs Considerations

In acting on proposals under section 3 of the BHC Act, the Board also must consider the effects of the proposal on the convenience and needs of the communities to

⁶ 12 CFR 225, Appendix C.

be served and take into account the records of the relevant insured depository institutions under the Community Reinvestment Act (“CRA”).⁷ The Board has carefully considered all the facts of record, including evaluations of the CRA performance record of Bank, information provided by Premier Commerce, and public comment received on the proposal. Bank received a “satisfactory” rating at its most recent CRA performance evaluation by the OCC, as of March 31, 2008.

A commenter expressed concern that Bank would not adequately serve local credit needs after consummation of the proposal because few of the proposed directors have associations with the local community. Premier Commerce has stated that it intends to maintain Bank’s current location for the indefinite future and that it is contractually obligated to maintain Bank’s Grand Ridge office for at least five years. Premier Commerce also has represented that it expects to increase lending in the Grand Ridge community after acquiring Bank. In addition, Premier Commerce has represented that the proposal would benefit Bank’s customers by expanding the bank’s offerings to include internet banking, remote capture, and other technology-based products and services.

Based on a review of the entire record, the Board has concluded that convenience and needs considerations and the CRA performance record of Bank are consistent with approval of the proposal.

Conclusion

Based on the foregoing and all facts of record, the Board has determined that the application should be, and hereby is, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes. The Board’s approval is specifically conditioned on compliance by Premier Commerce with the conditions in this order and all the commitments it made to the Board in connection with the application. For purposes of this action, the conditions and commitments are deemed to be conditions

⁷ 12 U.S.C. § 2901 et seq.

imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposed transaction may not be consummated before the fifteenth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

By order of the Board of Governors,⁸ effective July 1, 2010.

(signed)

Robert deV. Frierson
Deputy Secretary of the Board

⁸ Voting for this action: Chairman Bernanke and Governors Kohn, Warsh, Duke, and Tarullo.