

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Marengo Bancshares, Inc.
Marengo, Illinois

We have audited the accompanying consolidated balance sheet of Marengo Bancshares, Inc. and Subsidiary as of December 31, 2010, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of Marengo Bancshares, Inc. and Subsidiary as of December 31, 2009 were audited by Lindgren, Callihan, Van Osdol & Co., Ltd., whose practice was acquired by Wipfli LLP as of October 1, 2010, and whose report dated March 22, 2010 expressed a qualified opinion due to the same omissions as noted below.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Company has declined to present disclosures regarding the fair value of financial instruments for the year ended December 31, 2010. Presentation of this information is required by accounting principles generally accepted in the United States of America.

In our opinion, except for the omission of the information noted in the preceding paragraph, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Marengo Bancshares, Inc. and its Subsidiary as of December 31, 2010 and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Wipfli LLP

Sterling, Illinois
April 8, 2011

MARENGO BANCSHARES, INC. AND SUBSIDIARY**CONSOLIDATED BALANCE SHEETS**

December 31, 2010 and 2009

| ASSETS | 2010 | 2009 |
|--|----------------------|----------------------|
| Cash and due from banks | \$8,467,173 | \$8,802,889 |
| Interest-bearing deposits in banks | 7,518,000 | 249,000 |
| Available-for-sale securities | 13,587,837 | 17,036,221 |
| Equity securities, at cost | 529,000 | 499,400 |
| Loans, net of allowance for loan losses of \$3,380,712 and \$1,661,944, respectively | 102,842,501 | 108,232,625 |
| Foreclosed assets | 2,334,089 | 3,548,263 |
| Premises and equipment, net | 4,050,742 | 4,189,438 |
| Accrued interest and other assets | 2,810,634 | 2,247,568 |
| Total assets | \$142,139,976 | \$144,805,404 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Liabilities: | | |
| Deposits: | | |
| Non-interest-bearing demand | \$11,322,428 | \$11,190,811 |
| NOW, money market, and savings | 32,540,220 | 29,046,096 |
| Time deposits | 78,230,312 | 82,536,978 |
| Total deposits | 122,092,960 | 122,773,885 |
| Federal Home Loan Bank borrowings | 5,500,000 | 5,500,000 |
| Subordinated debentures | 2,862,000 | 2,862,000 |
| Accrued interest and other liabilities | 647,567 | 756,138 |
| Total liabilities | 131,102,527 | 131,892,023 |
| Stockholders' equity: | | |
| Common stock, \$1 par value, 2,000,000 shares authorized, 739,810 shares issued | 739,810 | 739,810 |
| Additional paid in capital | 9,649,718 | 9,649,718 |
| Retained earnings | 566,384 | 2,349,260 |
| Treasury stock, 2,041 and 3,147 shares, respectively, at cost | (38,697) | (57,433) |
| Accumulated other comprehensive income | 120,234 | 232,026 |
| Total stockholders' equity | 11,037,449 | 12,913,381 |
| Total liabilities and stockholders' equity | \$142,139,976 | \$144,805,404 |

See Notes to Consolidated Financial Statements

MARENGO BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
For the years ended December 31, 2010 and 2009

| | 2010 | 2009 |
|---|---------------|-------------|
| Interest and dividend income: | | |
| Interest and fees on loans | \$6,479,920 | \$6,829,712 |
| Interest on securities: | | |
| Taxable | 431,682 | 497,271 |
| Tax-exempt | 185,369 | 186,306 |
| Federal funds sold and other | 45,318 | 28,240 |
| Total interest and dividend income | 7,142,289 | 7,541,529 |
| Interest expense: | | |
| Deposits | 2,273,269 | 3,029,866 |
| Borrowed funds | 385,858 | 318,261 |
| Total interest expense | 2,659,127 | 3,348,127 |
| Net interest and dividend income | 4,483,162 | 4,193,402 |
| Provision for loan losses | 3,597,033 | 2,087,947 |
| Net interest and dividend income, after provision for loan losses | 886,129 | 2,105,455 |
| Non-interest income: | | |
| Net gain on sale of loans | 108,936 | 202,347 |
| (Loss) gain on sales and calls of available-for-sale securities | (10,479) | 48,268 |
| Loan servicing, net | 60,388 | 92,748 |
| Customer service fees | 332,015 | 388,501 |
| Other | 161,178 | 40,585 |
| Total non-interest income | 652,038 | 772,449 |
| Non-interest expenses: | | |
| Salaries and employee benefits | 1,429,286 | 1,407,371 |
| Occupancy | 160,668 | 130,376 |
| Foreclosed assets, net | 1,183,748 | 368,079 |
| Other | 1,816,440 | 1,425,964 |
| Total non-interest expenses | 4,590,142 | 3,331,790 |
| Loss before income tax benefit | (3,051,975) | (453,886) |
| Income tax benefit | (1,269,099) | (236,475) |
| Net loss | (\$1,782,876) | (\$217,411) |

See Notes to Consolidated Financial Statements.