

PUTNAM COUNTY BANCORP, INC.

06





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VISION STATEMENT



Our vision is to become the community bank of choice for people in Putnam, Bureau, and surrounding counties by:

**1) Building relationships
with our customers and
other citizens in the region**

**2) Being a responsible
corporate citizen of, and
effective partner with, the
communities we serve**

**3) Maintaining a reputation
for financial strength,
stability, and integrity**

MISSION STATEMENTS



- Our bank exists to exceed the expectations of our customers by providing financial services and resources that enable them to achieve their financial goals.
- Our bank exists to be the catalyst for building and sustaining thriving communities and to be a key participant in community reinvestment and philanthropic activity.
- Our bank exists to provide opportunities for learning and financial rewards for its employees in a workplace in which employees are treated fairly and with respect.
- Our bank exists to augment the value of shareholder investment by resolutely striving for long-term profitability and by enhancing franchise value in accordance with sound banking principles and ethical standards.

STAFF LISTING

BOARD OF DIRECTORS

Jack Grant - Chairman
 Terry Judd
 Harold Read
 Alex Rolando
 Eric Swartz
 Bill Urnikis
 Dave Ward

LADD ADVISORY BOARD

Haley Andersen - Secretary
 Joe Bernardi
 Glen Brandner
 Jay Knauf
 Mark Lambole
 Jim Manning
 Kim McKee
 Gene Merkel
 Terri Neill
 Dave Ward

HENNEPIN STAFF

Eric Ciucci	Assistant Vice-President/ Loan Officer
Deb Doyle	Information Systems Manager
Amy Fay	New Accounts Representative
Diana Gibson	Teller – Part Time
Mary Jane Gunderson	Bookkeeping – Part Time
Karen Ladzinski	Bookkeeping/ Computer Support
Todd McKey	Cashier/Ag Loan Officer
Marie Miller	Assistant Vice-President/ Loan Officer
Pat Morine	Teller
Nita O'Neill	Teller
Sandra Palm	Teller
Alex Rolando	Vice-President/ Loan Officer
Kathy Spratt	Teller
Carianne Thrasher	Bookkeeping/ Computer Support
Dave Ward	President

LADD STAFF

Jenny Acamovic	Teller – Part Time
Haley Andersen	Compliance/ Marketing Officer
Carol Elmore	Teller
Ann Fiocchi	Bookkeeping – Part Time
Denis Krzeminski	Vice-President/ Commercial Loan Officer
Kim McKee	Assistant Vice-President/ Branch Manager
Marilee Meuser	Teller Supervisor
Erin Pinter	Loan Officer
Brenda Rossmann	Teller
Deb Schultz	Loan Officer
Luanne Vescogni	Teller
Gina Williamson	Loan Processor

HOURS OF OPERATION & CONTACT INFORMATION

HENNEPIN LOBBY HOURS

Monday, Tuesday, Wednesday

8:00 am – 5:00 pm

Thursday

8:00 am – 12:00 pm

Friday

8:00 am – 6:00 pm

Saturday

8:00 am – 12:00 pm

HENNEPIN DRIVE-UP HOURS

Monday, Tuesday,
Wednesday, Thursday

7:30 am – 5:00 pm

Friday

7:30 am – 6:00 pm

Saturday

7:30 am – 12:00 pm

HENNEPIN CONTACT INFORMATION

815.925.7373

Toll Free

877.788.7373

Fax

815.925.7375

www.ncb-ebanc.com

LADD LOBBY HOURS

Monday, Tuesday, Wednesday

8:30 am – 4:00 pm

Thursday

8:30 am – 12:00 pm

Friday

8:30 am – 6:00 pm

Saturday

8:30 am – 12:00 pm

LADD DRIVE-UP HOURS

Monday, Tuesday,
Wednesday, Thursday

7:30 am – 5:00 pm

Friday

7:30 am – 6:00 pm

Saturday

7:30 am – 12:00 pm

LADD CONTACT INFORMATION

815.894.2386

Toll Free

866.894.2265

Fax

815.894.2265

www.ncb-ebanc.com

STOCKHOLDERS MEETING AGENDA

January 17, 2007

1. ELECT MEETING CHAIRMAN AND SECRETARY
2. SECRETARY: REPORT OF QUORUM
3. UPDATE OF STOCKHOLDERS
4. MINUTES OF LAST STOCKHOLDER'S MEETING
5. FINANCIAL REPORT FOR 2006
6. MANAGEMENT REPORT
7. OLD BUSINESS
8. ELECTION OF DIRECTORS TO SERVE FOR THE YEAR 2007
9. RECOGNITION OF EMPLOYEES
10. OTHER BUSINESS
11. ADJOURNMENT

MINUTES

Hennepin, IL

January 18, 2006

The Stockholders of the Putnam County Bancorp, Inc. met at 6:30 P.M. on January 18, 2006 at the Galleria in Princeton, IL for their annual dinner meeting.

It was moved by Terry Judd seconded by Karl Fivek to appoint Jack Grant as Chairman and Alex F. Rolando as Secretary of the Stockholders meeting, motion carried.

The Secretary took the roll call and there were 9,362 shares represented in person and 4,479 shares by proxy for a total of 13,841 shares.

Terry Judd introduced the new Stockholders acquired during the year and they were as follows: Kathryn Rae Bouxsein, Gracie Anne Ciucci, Laura Jane Hardin, Katherine Anne Hruby, and Matthew Blaine Hruby.

Terry Judd took a moment to acknowledge the deceased Stockholders since the last meeting and they are as follows: Juanita Bassi, Clallia Bouxsein, Barbara Lucas, Chauncey Read, and Chad Urnikis.

The minutes of the last Stockholders meeting of 1/19/05 were presented to the Stockholders and it was moved by Charles Judd seconded by Jamie Cyr that the

minutes be approved as submitted, motion carried.

The Financial reports were presented to the Stockholders showing the Consolidated Balance Sheet of the Bank and the Holding Company on December 31, 2005 and also the Consolidated Income Statement of the Bank and the Holding Company for the year ended December 31, 2005. Copies are attached.

It was moved by Charles Judd seconded by Edward Novak Jr. that the Financial reports be approved as submitted, motion carried.

MINUTES (cont.)

Dave Ward reported to the Stockholders that every once in a while, a healthy organization under goes a transformation that can be considered a defining moment. A point in time when something dramatic changes that will impact that organization for years to come. I submit to you that the Putnam County Bancorp has recently passed through just such a threshold. Of course, I am speaking of the successful conversion of our corporation to a Subchapter S tax status. That accomplishment alone would have made 2005 a year to remember. But there were several other worthwhile initiatives undertaken at the bank level that were also noteworthy. At the bank level, net earnings exceeded \$1,300,000 which by far is a new record for our company. Loan

asset quality continued to be relatively good, allowing us to forego loan loss provisions that negatively impact earnings. Another goal of the bank board was to enhance profitability through growth of the loan portfolio, especially in the commercial or business arena. That was also realized this past year as loan portfolio holdings increased by over \$7,700,000 or 17½%. Another major emphasis this past year has been in the area of strategic marketing. Earlier in the year we commissioned a rather comprehensive survey that involved both current and prospective customers, commercial clients, employees, and even you the shareholders. In any event, as a consequence of this market assessment, several new initiatives were launched last year. Not the least of which was the introduction of new, expanded lobby and drive-up hours at both locations. Other marketing activities included our newly designed investment instrument called the Go & Grow certificate of deposit. Another market targeted program introduced was the Superstar Savers Kid's Club. That project rewards local school children for exceptional academic performance while educating them in the field of banking and promoting the virtues of thrift. Another initiative that we are very excited about is the formation of a new Ladd Advisory Board. That Board is comprised of several dedicated community leaders that have taken an interest in our bank and want to work with us to benefit the Ladd community and surrounding areas. The bank introduced a new fixed rate home loan program called the Mortgage Partnership Financing or MPF program. Another financial prod-



MINUTES (cont.)



uct introduced for senior citizens was our new Reverse Mortgage Program, which permits borrowers to draw cash equity already accumulated in their home and yet shielding them from the burdens of heavy debt repayment. On the technology front, new check account Image statements were implemented in January '05. A powerful new software program, called ARTA Deposit was acquired which fully automates the deposit side of the business, enhancing efficiency in customer service, while also assuring regulatory and legal compliance. A new Image server was purchased; and

ongoing, comprehensive Internet and Network intrusion testing has been instituted. For the long term success of the bank, it is imperative that we are able to attract and retain outstanding employees. Several initiatives have begun in that regard as well. A consultant has been retained to assist in developing an Incentive Compensation Plan. That plan will be designed to reward employees for exceptional performance and for tangible results. I wanted to take a little time this evening to make a few remarks about the Sub S election. By now you all understand that this election will cause the earnings of the bank to be taxed only once, instead of two times as before. That tax savings, estimated at roughly \$200,000 the first year alone, will either add to your stock book value, or will be distributed to you in cash. Once again, I was to offer my heartfelt thanks to all of you for the cooperation and support this past year, especially as it relates to the Sub S conversion. This accomplishment was no easy task, and it would have been impossible without your involvement and assis-

tance. I would like to pay special tribute to two wonderful ladies that left us this past year. First, Barbara Lucas, long time employee at the Ladd office passed way on June 2nd at the age of 60. Barb served the North Central Bank and the former Bank of Ladd for a total of 38 years. And, second, Marie Clemens, who was hired when the Putnam County Bank was first chartered in 1946 and faithfully served for 30 years. Marie passed on, this past November 26th. This organization is deeply indebted to both of these fine women and they will be sorely missed and fondly remembered. Finally, I would like to personally thank the staff and the Board for their assistance this past year. The staff members make things go – and any success of the bank is because of them. The Board provides the vision for us to follow. Our future is in their hands – and capable hands they are. We together, the staff, the Board members, and I, are all thankful for the opportunity to serve you the shareholders and the Putnam County Bancorp at such an exiting and pivotal point in time.

MINUTES (cont.)

Jack Grant introduced the members of the Ladd Advisory Board who are Glen Brandner, Jay Knauf, Mark Lamboley, Jim Manning, Gene Merkel, Terri Neill, and Joe Bernardi.

Jack Grant introduced to the Stockholders the seven nominees that the Board of Directors recommend to be Directors for the year 2006. The nominees are Jack Grant, Terry Judd, Harold Read, Alex F. Rolando, Eric Swartz, William G. Urnikis, and David Ward.

It was moved by Lynn Keegan seconded by Theresa Dzierzynski to nominate the seven nominees that the Board of Directors recommend to be Directors for the year 2006 and nominations be closed and

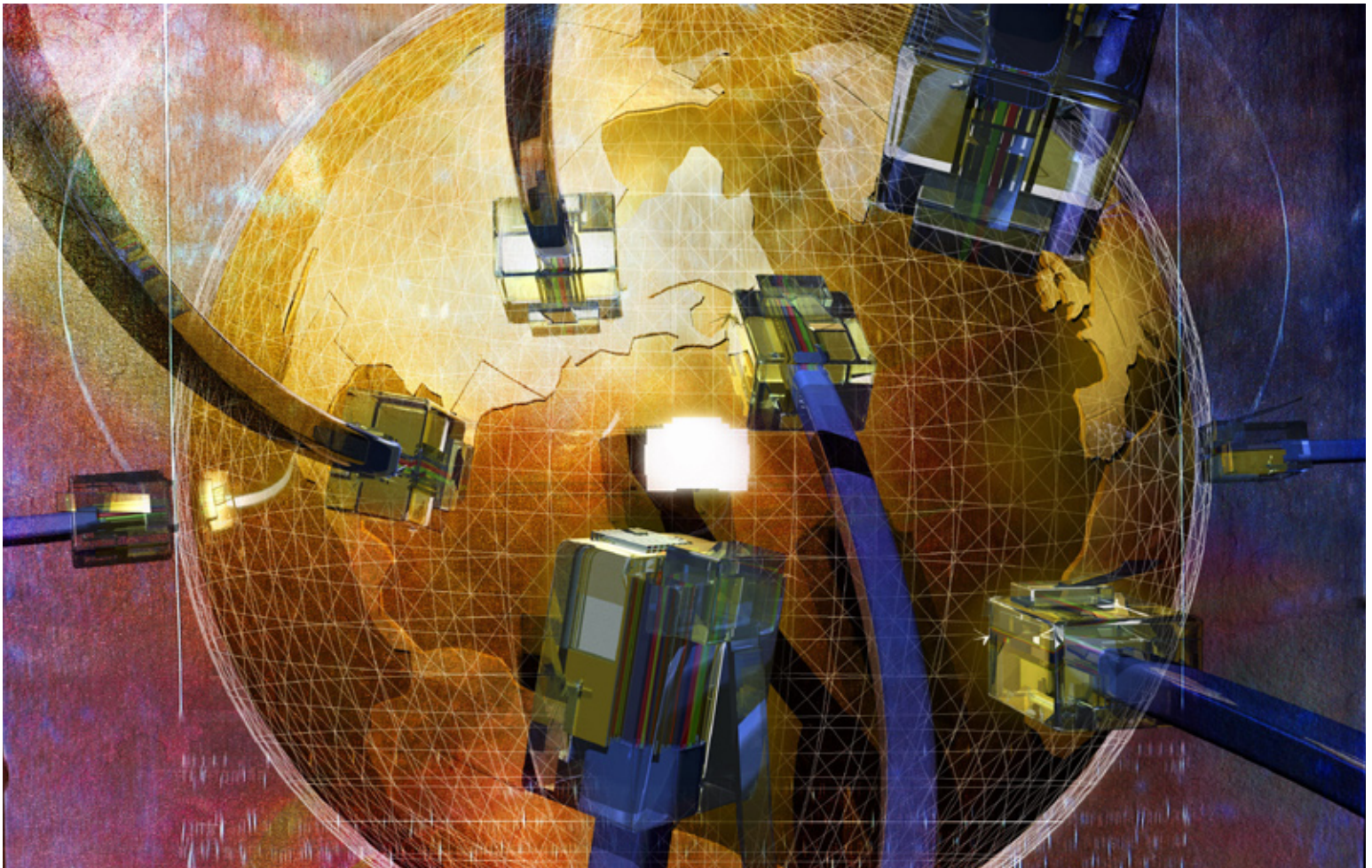
secretary be instructed to cast a unanimous ballot for slate of Directors nominated, motion carried.

Jack Grant took the opportunity to recognize the employees of the bank and to acknowledge Debra Doyle on her 30 years of service with the bank.

There being no further business it was moved by Jon Bouxsein seconded by Eugene Litherland that the Stockholders meeting be adjourned, motion carried.



Alex F. Rolando
Secretary



PUTNAM COUNTY BANCORP CONSOLIDATED FINANCIAL STATEMENT

December 31, 2006

Assets	Bank	Holding Company	Eliminations	Consolidated 2006	Consolidated 2005
Cash and due from banks	\$ 2,319,968	\$ 6,337	\$ (6,337)	\$ 2,319,968	\$ 2,026,851
Federal Funds Sold	\$ 1,300,000	\$ -	\$ -	\$ 1,300,000	\$ 100,000
Investment Securities	\$ 32,859,671	\$ 13,142,334	\$ (13,142,334)	\$ 32,859,671	\$ 38,005,905
Loans, less allowance for loan loss	\$ 53,946,623	\$ -	\$ -	\$ 53,946,623	\$ 52,166,692
Premises and equipment	\$ 670,859	\$ -	\$ -	\$ 670,859	\$ 777,507
Goodwill	\$ 2,596,136	\$ -	\$ -	\$ 2,596,136	\$ 2,596,136
Other Assets	\$ 1,398,955	\$ 86	\$ -	\$ 1,399,041	\$ 1,522,682
Total Assets	\$ 95,092,212	\$ 13,148,757	\$ (13,148,671)	\$ 95,092,298	\$ 97,195,773
Liabilities and Stockholder's Equity					
Liabilities					
Non-interest bearing deposits	\$ 6,332,789	\$ -	\$ (6,337)	\$ 6,326,452	\$ 6,083,360
Interest bearing deposits	\$ 72,242,253	\$ -	\$ -	\$ 72,242,253	\$ 73,902,235
Total Deposits	\$ 78,575,042	\$ -	\$ (6,337)	\$ 78,568,705	\$ 79,985,595
Federal Funds Purchased	\$ -	\$ -	\$ -	\$ -	\$ 1,300,000
FHLB Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -
Repurchase agreements	\$ 2,927,767	\$ -	\$ -	\$ 2,927,767	\$ 2,927,767
Other Liabilities	\$ 447,069	\$ -	\$ -	\$ 447,069	\$ 352,381
Total Liabilities	\$ 81,949,878	\$ -	\$ (6,337)	\$ 81,943,541	\$ 84,565,743
Stockholder's Equity					
Common Stock	\$ 790,000	\$ 400,725	\$ (790,000)	\$ 400,725	\$ 400,725
Additional Paid-In Capital	\$ 7,502,310	\$ 3,591,908	\$ (7,502,310)	\$ 3,591,908	\$ 3,591,908
Retained Earnings	\$ 5,050,089	\$ 9,356,189	\$ (5,050,089)	\$ 9,356,189	\$ 9,152,669
Net unrealized gain (loss) on AFS Securities***	\$ (200,065)	\$ (200,065)	\$ 200,065	\$ (200,065)	\$ (515,272)
Total Stockholder's Equity	\$ 13,142,334	\$ 13,148,757	\$ (13,142,334)	\$ 13,148,757	\$ 12,630,030
Total Liabilities and Stock. Equity	\$ 95,092,212	\$ 13,148,757	\$ (13,148,671)	\$ 95,092,298	\$ 97,195,773
Total Number of Shares Outstanding at Year-End				16,029	16,029
Total Book Value Per Share, Adjusted for Unrealized Gain/Loss***				\$ 832.79	\$ 820.09
Total Book Value Per Share				\$ 820.31	\$ 787.95

PUTNAM COUNTY BANCORP CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2006

Interest and dividend income	Bank	Holding Company	Eliminations	Consolidated 2006	Consolidated 2005
Interest & fee income on loans	\$ 3,495,340	\$ -	\$ -	\$ 3,495,340	\$ 3,164,629
Interest & dividends on investment securities					
Taxable	\$ 1,422,008	\$ -	\$ -	\$ 1,422,008	\$ 1,350,168
Exempt from federal income taxes	\$ 68,686	\$ -	\$ -	\$ 68,686	\$ 66,836
Other interest and dividend income	\$ 77,666	\$ -	\$ -	\$ 77,666	\$ 109,348
Total interest and dividend income	\$ 5,063,700	\$ -	\$ -	\$ 5,063,700	\$ 4,690,981
Interest expense					
Interest on deposits	\$ 2,195,120	\$ -	\$ -	\$ 2,195,120	\$ 1,725,892
Interest, other	\$ 106,632	\$ -	\$ -	\$ 106,632	\$ 127,808
Total interest expense	\$ 2,301,752	\$ -	\$ -	\$ 2,301,752	\$ 1,853,700
Net interest income	\$ 2,761,948	\$ -	\$ -	\$ 2,761,948	\$ 2,837,281
Provision for loan losses	\$ -	\$ -	\$ -	\$ -	\$ -
Net income after provision for loan losses	\$ 2,761,948	\$ -	\$ -	\$ 2,761,948	\$ 2,837,281
Other income					
Service charges	\$ 282,995	\$ -	\$ -	\$ 282,995	\$ 238,372
Gain (loss) on security transactions	\$ 32,271	\$ -	\$ -	\$ 32,271	\$ -
Other operating income	\$ 71,248	\$ -	\$ -	\$ 71,248	\$ 72,034
Total other income	\$ 386,514	\$ -	\$ -	\$ 386,514	\$ 310,406
Other expenses					
Salaries and employee benefits	\$ 1,209,464	\$ -	\$ -	\$ 1,209,464	\$ 1,129,981
Net occupancy expense	\$ 103,002	\$ -	\$ -	\$ 103,002	\$ 95,304
Equipment rentals, depreciation, and maintenance	\$ 191,123	\$ -	\$ -	\$ 191,123	\$ 198,103
Stationary and supplies	\$ 63,165	\$ -	\$ -	\$ 63,165	\$ 76,249
Computer services	\$ 20,104	\$ -	\$ -	\$ 20,104	\$ 29,863
Professional fees	\$ 24,589	\$ -	\$ -	\$ 24,589	\$ 20,354
Advertising	\$ 71,601	\$ -	\$ -	\$ 71,601	\$ 66,955
Other operating expenses	\$ 320,712	\$ 6,728	\$ -	\$ 327,440	\$ 374,324
Total other expenses	\$ 2,003,760	\$ 6,728	\$ -	\$ 2,010,488	\$ 1,991,133
Income from operations	\$ 1,144,702	\$ (6,728)	\$ -	\$ 1,137,974	\$ 1,156,554
Equity in income of subsidiary	\$ -	\$ 1,140,965	\$ 1,140,965	\$ -	\$ -
Income before income taxes	\$ 1,144,702	\$ 1,134,237	\$ 1,140,965	\$ 1,137,974	\$ 1,156,554
Income tax expense (benefit)	\$ 3,737	\$ (86)	\$ -	\$ 3,651	\$ (151,840)
Net Income	\$ 1,140,965	\$ 1,134,323	\$ 1,140,965	\$ 1,134,323	\$ 1,308,394

PUTNAM COUNTY BANCORP NET INCOME

