



Comptroller of the Currency
Administrator of National Banks

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

May 29, 2002

**Conditional Approval #527
June 2002**

Mr. Robert E. Evans
President & CEO
Peoples Bank, National Association
138 Putnam Street
Marietta, Ohio 45750

Re: Application to Merge The Guernsey Bank, a Federal Savings Bank, Cambridge, Ohio into Peoples Bank, National Association, Marietta, Ohio, OCC Application Number: 02-CE-02-011

Dear Mr. Evans:

The Comptroller of the Currency (OCC) has **conditionally approved** your proposal regarding the OAKAR II merger of The Guernsey Bank, a Federal Savings Bank, Cambridge, Ohio with and into Peoples Bank, National Association, Marietta, Ohio, under the title and charter of the latter. This conditional approval is effective May 29, 2002 and is granted based on a thorough review of all information available, including commitments and representations made in the applications and the merger agreement and by your representatives.

This approval is subject to the following special condition:

Following the merger, Peoples Bank, National Association must maintain a leverage ratio of at least 6.50%, and will remain at all times a well-capitalized bank as defined under 12 C.F.R. 3.

This condition applies to the merger portion of this transaction and is a condition "imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. 1818. As such, the condition is enforceable under 12 U.S.C. 1818 and will remain in effect until further written notice by the OCC.

This approval is also subject to the standard condition that Peoples Bank, National Association establish and maintain a liquidation account.

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

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laundering activities, including overseas branches.” We have considered this factor and believe that approval of this transaction is consistent with that statutory provision.

The district office must be advised in writing in advance of the desired effective date for the merger, so that the OCC may issue the necessary certification letter. If the merger is not consummated within one year from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

The OCC will issue a letter certifying consummation of the transaction when we receive:

- (1) A Secretary's Certificate from each institution certifying that a majority of the board of directors has agreed to the proposed merger.
- (2) A Secretary's Certificate from each institution certifying that the required shareholder approvals have been obtained.
- (3) An executed merger agreement with Articles of Association for the resulting bank attached.
- (4) Confirmation that all other required regulatory approvals have been obtained. This includes approval of the related holding company transaction as well as approval of a related charter application filed by the seller of The Guernsey Bank and a purchase and assumption transaction by the new charter of the Worthington, Ohio branch of The Guernsey Bank, a Federal Savings Bank.

This 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 an 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 any questions, please contact the undersigned or Carolina Ledesma, National Bank Examiner at (312) 360-8867.

Sincerely,

/s/
David J. Rogers
National Bank Examiner