



Comptroller of the Currency
Administrator of National Banks

Central District Office
One Financial Place, Suite 2700
440 South LaSalle Street
Chicago, Illinois 60605

Corporate Decision #97-08 February 1997

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION FOR NATIONAL BANK OF PETERSBURG, PETERSBURG, ILLINOIS, TO PURCHASE THE ASSETS AND ASSUME THE LIABILITIES OF THE PETERSBURG BRANCH OFFICE OF FIRST OF AMERICA BANK - ILLINOIS, NATIONAL ASSOCIATION, BANNOCKBURN, ILLINOIS, UNDER THE CHARTER AND TITLE OF NATIONAL BANK OF PETERSBURG.

Decision

Introduction

On November 13, 1996, an application was made to the Office of Comptroller of the Currency (OCC) for prior authorization for National Bank of Petersburg, Petersburg, Illinois (hereinafter NB Petersburg), to purchase the assets and assume the liabilities of the Petersburg branch office of First of America Bank - Illinois, National Association, Bannockburn, Illinois, (hereinafter FOA Illinois), under the charter and title of National Bank of Petersburg. This application was based on an agreement between the proponents which was executed November 11, 1996.

Participating Financial Institutions

As of September 30, 1996, the Petersburg branch office of FOA Illinois subject to the purchase and assumption agreement had total deposits of \$39 million. On the same date, NB Petersburg had total deposits of \$90 million and operated two offices. NB Petersburg is wholly owned by NBP Financial Services, Inc., Petersburg, Illinois, a one-bank holding company.

Competitive Analysis

The relevant geographic market for this proposal is the Menard/Mason County market, where competition between NB Petersburg and the Petersburg branch of FOA Illinois is direct and

immediate. Within this market, eight commercial banks and one thrift compete for deposits of approximately \$247 million. In addition, a number of other financial institutions serve as competitive alternatives as a result of their location on the periphery of the relevant market. FOA Illinois is the fourth largest depository institution in the market with approximately fifteen percent of the total deposits. NB Petersburg ranks first in the market with approximately thirty-four percent of the deposits. As a result of this transaction, NB Petersburg will remain the largest depository institution with its market share increasing to approximately forty-nine percent. Accordingly, while the proposed transaction would eliminate some direct competition in the market, any adverse competitive effects would be mitigated by the presence of a number of other banking alternatives.

Banking Factors

The Bank Merger Act requires this Office to consider "...the financial and managerial resources and the convenience and needs of the community to be served." We find that the financial and managerial resources of NB Petersburg do not raise concerns that would cause the application to be disapproved. The future prospects of the proponents, individually and combined, are considered favorable. All existing offices of the applicant will continue operating and no products or services will be discontinued. Given these facts, the resulting bank is expected to meet the convenience and needs of the communities being served.

Community Reinvestment Act

A review of the record of this application and other information available to this Office as a result of its regulatory responsibilities has revealed no evidence that the applicants' records of helping to meet the credit needs of their communities, including low-to-moderate-income neighborhoods, are less than satisfactory.

Conclusion

We have analyzed this proposal pursuant to the Bank Merger Act (12 U.S.C. §1818 (c)) and find that it will not significantly lessen competition in the relevant market. Other factors considered in evaluating this proposal are satisfactory. Accordingly, this application is approved.

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David J. Rogers, National Bank Examiner

Dated: 01-15-97
(OCC Control Number: 96-CE-02-0051)