

Corporate Decision #2002-09 July 2002

Decision Document

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION TO PURCHASE CERTAIN ASSETS AND ASSUME THE LIABILITIES OF THE VANDALIA, ILLINOIS BRANCH OF FIFTH THIRD BANK, INDIANA, INDIANAPOLIS, INDIANA BY THE FIRST NATIONAL BANK, VANDALIA, ILLINOIS.

Introduction

On May 14, 2002, application was made to the Comptroller of the Currency for prior authorization to purchase certain assets and assume the liabilities of the Vandalia, Illinois Branch of Fifth Third Bank, Indiana, Indianapolis, Indiana by The First National Bank, Vandalia, Illinois under the charter of The First National Bank and the title of The First National Bank. This application was based on an agreement entered into between the proponents on April 5, 2002.

Participating Financial Institutions

As of March 31, 2002, the Vandalia office of Fifth Third Bank, Indiana subject to the purchase and assumption agreement had total deposits of \$ 14 million. On the same date, The First National Bank had total deposits of \$ 130 million and operated three offices. The First National Bank is 100% owned and controlled by First Vandalia Corp., a one-bank holding company.

Competitive Analysis

The relevant geographic market for this proposal is Fayette County, Illinois. This is the area where competition between The First National Bank and Fifth Third Bank is direct and immediate. Within this market, eight commercial banks compete for approximately \$253 million in deposits. The First National Bank is the largest depository institution in this market with approximately 45 percent of the market's total deposits. Fifth Third Bank ranks seventh with approximately five percent of the market's deposits. Upon consummation of this transaction, The First National Bank would remain the largest depository institution with approximately fifty percent of the market's deposits. While the proposed transaction would eliminate some direct competition in the relevant geographic market, any adverse competitive effects would be mitigated by the presence of six other banking alternatives in the relevant market. Three of these banking alternatives are branches of banks with total assets larger than the total assets of The First National Bank. Therefore, consummation of this proposal would not have a significantly adverse effect on competition in the relevant geographic market.

Banking Factors

The Bank Merger Act requires the OCC to consider "...the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served." We find that the financial and managerial resources of The National Bank do not raise concerns that would cause the application to be disapproved. The future prospects of the proponents, individually and combined, are considered favorable and the resulting bank is expected to meet the convenience and needs of the community to be served. The First National Bank will retain the purchased branch and offer the same products and services available to existing customers of the bank's three office locations.

Community Reinvestment Act

A review of the record of this application and other information available to the OCC 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- and moderate-income neighborhoods, is less than satisfactory.

Conclusion

We have analyzed this proposal pursuant to the Bank Merger Act (12 USC 1828(c)) and/or 12 CFR 5.33, and find that it will not lessen significantly competition in any relevant market. Other factors considered in evaluating this proposal are satisfactory. Accordingly, the application is approved.

/s/ Stephen A. Lybarger
Stephen A. Lybarger
Acting Midwestern District Licensing Manager

Dated: June 24, 2002

ACN# 2002 MW 02 0010