



**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 #99-49
January 2000**

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION FOR THE HAVANA NATIONAL BANK, HAVANA, ILLINOIS TO PURCHASE CERTAIN ASSETS AND ASSUME CERTAIN LIABILITIES OF THE HAVANA AND LEWISTOWN BRANCH OFFICES OF ASSOCIATED BANK ILLINOIS, NATIONAL ASSOCIATION, ROCKFORD, ILLINOIS.

Decision

Introduction

On November 18, 1999, an application was made to the Office of Comptroller of the Currency (OCC) for prior authorization for The Havana National Bank, Havana, Illinois (hereinafter "HNB") to purchase certain assets and assume certain liabilities of the Havana and Lewistown branch offices of Associated Bank Illinois, National Association, Rockford, Illinois (hereinafter "Associated"). This application was based on an agreement between the proponents which was executed October 21, 1999.

Participating Financial Institutions

As of September 30, 1999, the branches of Associated subject to the purchase and assumption agreement had total deposits of \$31,645,000. On the same date, HNB had total deposits of \$65,439,000 and operated 1 office in the state of Illinois.

Competitive Analysis

HNB does not operate in the Canton, Illinois Banking Market where the Lewistown branch of Associated operates. Therefore, consummation of this transaction would result in the replacement of one competitor by another in that market.

For analyzing the competition where the two banks compete, the relevant geographic market for this proposal is Mason County, Illinois, where the Havana branch of Associated derives the bulk of its deposits and where competition between HNB and the Havana branch of Associated is direct and immediate. Within this market, HNB competes with eight other depository institutions for approximately \$241 million in deposits. HNB is the largest depository

institution with approximately twenty-eight percent of the market's total deposits. The branch to be acquired ranks fifth with approximately seven percent of the market's deposits. Upon consummation of this transaction, HNB would remain the largest depository institution with a market share of approximately thirty-five percent. While the proposed transaction would eliminate some direct competition in the relevant geographic market, any adverse competitive factors would be mitigated by the presence of a number of other banking alternatives. Therefore, consummation of this proposal would not have a significantly adverse effect on competition in the relevant geographic market. The OCC has reviewed the competitive effects of this proposal by using its standard procedures for determining whether a business combination clearly has minimal or no adverse competitive effects. The OCC finds that the proposal satisfies its criteria for a purchase of assets and assumption of liabilities that clearly has no or minimal adverse competitive effects.

Banking Factors

The Bank Merger Act requires this Office 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 HNB and Associated 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.

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.

/s/

David J. Rogers, National Bank Examiner

Dated: 12-22-99 _____

ACN# 99 CE 02 0045