



Office of the Comptroller of the Currency

Interpretations - Corporate Decision #96-25

Published in Interpretations and Actions June 1996

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION TO PURCHASE THE ASSETS AND ASSUME THE LIABILITIES OF THE "INTERNATIONAL FALLS BRANCH" OF INTER SAVINGS BANK, fsb, BLOOMINGTON, MINNESOTA, BY NORTHERN NATIONAL BANK, INTERNATIONAL FALLS, MINNESOTA, UNDER THE CHARTER AND TITLE OF NORTHERN NATIONAL BANK

INTRODUCTION

On March 21, 1996, application was made to the Comptroller of the Currency for prior authorization to purchase the assets and assume the liabilities of the "International Falls Branch" of Inter Savings Bank, fsb, Bloomington, Minnesota, by Northern National Bank, International Falls, Minnesota, under the charter and title of Northern National Bank. This application was based on an agreement entered into between the proponents on February 22, 1996.

PARTICIPATING FINANCIAL INSTITUTIONS

As of December 31, 1995, the one office of Inter Savings Bank, fsb, subject to the purchase and assumption agreement had total deposits of \$9 million. On the same date, Northern National Bank had total deposits of \$68.8 million and operated four offices. Northern National Bank is 99% owned and controlled by International Bancorporation, a multi-bank holding company.

COMPETITIVE ANALYSIS

The relevant geographic market for this proposal is the area including and immediately surrounding the community of International Falls, the area from which the Inter Savings Bank branch derives the bulk of its deposits, and where competition between Northern National Bank and Inter Savings Bank is considered direct and immediate. This is an area with a population of less than 9,000 persons. The OCC considers an area with such a small population to be economically insignificant from a competitive standpoint. (See Decision of the Comptroller of the Currency on the application to merge The National Bank and Trust Company of Norwich, Norwich, New York, with National Bank of Oxford, Oxford, New York, dated April 8, 1983). Therefore, because the market is not recognized as being economically significant, any anticompetitive effects resulting from the transaction are considered *de minimis*.

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 Northern National Bank and Inter

Savings 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. The resulting bank will operate all existing facilities of Northern National Bank but will not retain the acquired branch. However, all customer accounts will be transferred to its main office, which is in close proximity, and no services will be discontinued. Northern National Bank has its main office and two branches in International Falls. Therefore, 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 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 U.S.C. 1828(c)) and 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/
Gary M. Brickman
Director for Compliance and Bank Analysis

Date: 5/16/96

Application Control Number: 96MW020010